

CURRENT *History*

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JUNE 1966

U. S. FOREIGN AID: AN OVERVIEW

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CURRENT History

JUNE, 1966

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How has United States foreign aid evolved in the twentieth century? What have been its successes and its failures? What are its prospects? In this issue, the first of a 3-issue set on United States foreign aid policy, six articles offer our readers considerable insight into these questions. Setting the stage, our introductory author says, "foreign aid is more than an extension of the American presence or payments for international favors: it is also a strategic reflection of the United States world outlook."

The Evolution of U.S. Foreign Aid

By JOHN D. MONTGOMERY

Professor of Public Administration, Harvard University

NO SINGLE PROCLAMATION or law created the United States foreign aid program as we know it today. Foreign aid has evolved as a series of responses to specific challenges, as the United States government has discovered rather slowly the constructive potential of using its economic resources abroad. Each strategy in foreign aid has had to be conceived separately for each country and region in crisis, in accordance with the degrees and nature of United States interests.†

As generally understood, American foreign aid began in the excitement of post-World War II European reconstruction under the Marshall Plan. The three phases that followed—Point Four, Mutual Security and international economic development—each involved a different rationale. The annual renewal of these programs introduced new legislative struggles and imposed an increas-

ing burden on the American presidents who have had to develop political support for them. Foreign aid has had to survive review and criticism by both parties, changing administrations under four presidents, and re-examination by every Congress since World War II. During this period it has been pressed into the service of nearly all major foreign policy and many domestic issues.

Foreign aid has three central roles to play in United States diplomacy. Its first is diplomatic: to create or dramatize a symbolic American "presence" abroad. Its second is as a compensatory device, in exchange for international favors; and most recently it has been used strategically to introduce or influence internal changes in other countries. The first two of these uses are related to traditional forms of international relations. The third, however, is an innovation in international politics. Foreign aid is almost never a single, unified program, but a complex instrument of national policy and domestic politics; its purposes are interlocking and sometimes contradictory.

Since the heroic days of Benjamin Frank-

† This article is drawn from John D. Montgomery, *Foreign Aid in International Politics*, © 1967, by Prentice-Hall, Inc. The book is to be published by Prentice-Hall in 1967 as the first of a series, "America's Role in World Politics," edited by Dankwart Rustow.

lin, American diplomacy has often attempted to establish a "presence" abroad to suggest national ideals such as humanitarianism, efficiency, technological excellence and, recently, sheer power.

DIPLOMATIC AID

Congress, too, found ways of fostering an American humanitarian "presence" abroad long before foreign aid was conceived. As early as 1812, for example, it voted funds to send grain to Venezuela after an earthquake disaster and again in 1847 and 1880 it authorized the use of navy shipping to transport relief goods to Ireland. However, such gestures did not ever become automatic; a United States government-financed technical assistance mission was not authorized until one was organized for Liberia in 1909.

The use of diplomatic means to establish a national United States presence in other countries has been greatly enlarged more recently through programs of economic and military assistance instituted following World War II. Even these programs have their precedents in diplomatic history. Fabulous and exotic presents to and from Chinese emperors, and others, are matters of historical record as well as legend. In their modern form, ceremonial gifts still serve to establish a national presence and to exhibit power, wealth and an advanced technology. By 1963, for example, the United States had spent over \$795,000 for Independence Day gifts to 15 African nations. Today it is the fashion to offer useful "economic" gifts to newly independent nations, a fact which has often led to public misunderstanding as they begin to take on the appearance of economic aid. Such use of foreign aid funds has diverted more than one American aid program from the long-range political and economic objectives for that country.

In the 1950's, foreign aid was used more and more as a means of establishing national presence; but for the most part such efforts did not depart significantly from traditional diplomacy. They were usually conceived in response to the desires of the government of the host country; and as their cost rose pro-

portionate to their gains, foreign aid programmers began to wonder why economically and technically sound projects could not serve the same purpose, and better. All in all, however, *diplomatic* foreign aid, although responsible for most of the popular criticism of the program, represented a very small proportion of the total effort—certainly less than 10 per cent—by the mid-1960's.

COMPENSATORY AID

International exchanges of favors such as today's compensatory aid are as old as the relationship of empire and tributary. During the middle ages, feudal loyalty and protection were regarded as the normal obligation of the weaker and stronger states toward each other. A cynic could argue that in the new diplomacy the roles are simply reversed, with the stronger nations paying the weaker ones for favors.

Although not so complex as certain other political usages of foreign aid, international exchanges of favor are among the most delicate of diplomatic relationships. Aid so given requires reciprocation, often hard to achieve among nations and therefore always a potential subject for recriminations. The commonest forms of such international exchanges involve the use of a military base, air rights and adherence to alliances, all of which have been "purchased" with substantial economic or military assistance instead of by cash payments.

Some critics have argued for a return to direct compensation for the use of such bases. Much criticism of foreign aid could no doubt have been avoided if Spain and Portugal, for instance, had received rent for the military bases they have supplied instead of certain economic assistance which has created the appearance of American political support to dictators. In any case, the value of a base or of continued adherence to an alliance would be difficult to assess in terms of rent; and however generous the rental figure, there could no longer be any real expectation that any of it would be used for the developmental purposes the United States might prefer. The use of foreign aid as a medium of exchange

is too convenient to abandon despite its weaknesses.

AS A STRATEGIC TOOL

Foreign aid is more than an extension of the American presence or payments for international favors: it is also a strategic reflection of the United States world outlook. Its use as a strategic tool has been the most novel, most dramatic and riskiest of its programs.

The range of aid instruments available to the United States in advancing its concept of world order includes *military action* to create strategic bastions against any military expansion of the Communist world, as in South Korea; *military aid* to maintain the independence of other countries that are threatened by the spread of communism through insurgency, as in the case of Laos and Thailand; and *economic aid* to encourage the development of forces that will improve internal conditions, as in Brazil and Nigeria. (In some cases American aims may be limited to "gaining time" for a political evolution that it is hoped will produce a degree of stability and progress.)

Each of these forms of diplomatic strategy requires some involvement in the domestic affairs of other nations, however objectively the United States plays its role. Strengthening the military capabilities of countries threatened by border aggression often produces an internal disequilibrium among the political forces contending for domestic power. Using foreign aid to promote stability or change in countries not threatened by direct aggression also introduces an element of political involvement.

In some parts of the world, American foreign aid has been criticized as subtle subversion or "neo-colonialism." This charge is an especially heavy burden when military aid is offered. In fact, most military aid is carefully shielded against imperialist ambitions. During the 1950's, for example, 78 per cent of the \$5 billion yearly Military Assistance Program went to NATO; even as late as 1962, two-thirds of a much smaller total was devoted to various international headquarters and multilateral programs.

Large amounts went specifically to countries on the border of active, or potential, Communist aggression: Greece, Turkey, Taiwan, Korea and Vietnam. Forty-one other developing countries received only three per cent of the total—mostly for training, small arms, communications equipment and civic action.

United States aid developed its economic outlook slowly. To be sure, it extended considerable aid to friendly nations during the two World Wars. Loans to the Allied Powers in World War I amounted to a net United States loss of \$7 billion, and there was an additional \$3.1 billion in postarmistice loans for relief and reconstruction. American assistance in World War II, largely through lend-lease, amounted to \$40.93 billion. But American outlays for the purposes of World War I did not create a new doctrine of automatic fiscal involvement abroad. It took World War II—with its even more severe tasks of reconstruction and with the challenge its aftermath hurled at the United States in its new role as peacetime leader—to alter the traditional pattern of American foreign aid. The new strategies were economic, but the tactical uses took many forms.

THE NEW DOLLAR DIPLOMACY

The resources that were transferred through the first experiments in foreign aid are now roughly classified as "capital" and "human." Usually both forms of aid are necessary in the underdeveloped countries in order to achieve important and self-perpetuating social and institutional innovations. But in Europe after World War II, no such extensive commitments were required: the skills and institutions needed for the rebuilding of Europe were already at hand. Therefore, historically, the first form of postwar foreign aid was the direct transfer of capital.

In the years following the European reconstruction, aid was extended to Asia and Africa, where human and institutional capabilities were in short supply. In these areas, programs of technical assistance for the development of human resources were needed to supplement or precede capital transfer.

For the first 16 years after World War II, the dimensions of foreign aid were reckoned at nearly \$100 billion. This is the sum that has been obligated in a variety of ways to 100 aid-receiving nations. Actually only \$56.597 billion of this could be classified as spent for foreign aid programs. The Agency for International Development and its predecessor programs, together with the Military Assistance Program, obligated \$62.627 billion during this period, of which \$56.597 billion was actually spent. The remaining \$6 billion stayed in the "pipeline," that is, assigned to projects (often large-scale construction such as hydroelectric dams and power supplies) that had not been completed as of 1962. (Funds used to set up development banks and credit agencies are also considered in the pipeline until the funds are paid out to these institutions.)

This large expenditure by no means suggests an easy development of foreign aid capital commitments over the years. The program has had a stormy history and has encountered many difficulties. Yet, the sums involved were far more than any other nation has ever spent abroad in peacetime and the fact that two-thirds of aid was for economic purposes makes it more impressive.

Since World War II, capital assistance has taken a variety of forms—from outright dollar grants to support a foreign currency, to less-than-cost sales of military equipment or agricultural commodities and guarantees to World Bank capitalization. Because of the problem of control over the transfer of capital, the United States does not normally give grants for general budgetary support or to make up deficits. And even emergency relief operations are carefully audited.

In fact, it was the difficulty of controlling the "end use" of UNRRA (United Nations Relief and Rehabilitation Administration) funds in the mid-1940's which led to the first great congressional challenge to the principle of peacetime foreign aid. In August, 1946, Congress determined that thereafter American grant aid involving "untied" dollars would be administered only where necessary and on a bilateral, government-to-government basis,

with administrative authority to discontinue support to projects later felt objectionable.

The issue of control remained, however. Issuing grants bilaterally did not guarantee the United States a veto over projects the funds might indirectly make possible. When a government wanted aid money for a "disapproved" project, it sometimes asked the United States for funds to support an unchallengeable one and then diverted its own funds to the marginal activity. This was not necessarily a strategy designed to deceive American taxpayers; often it was merely an attempt to harmonize local priorities with those of the United States.

Where aid has to take the form of grants, therefore, Congress now prefers the outright commodity gift because it is not easily transferable. It is true, of course, that the shipment of grains or other raw materials may relieve the beneficiary from having to spend its scarce foreign exchange, thereby freeing it for other purposes. In this sense, any form of capital aid may conceivably contribute to uses of which the United States disapproves. This "fungibility" or interchangeability of resources within underdeveloped countries creates one of the strongest political complaints against any form of capital assistance.

LOANS—A SOLUTION?

Offering aid in the form of project loans is one popular solution to the problems of control and fungibility. Loans have to be repaid, thereby fostering expectations of their use only in support of economically valuable activities; they are for specific projects, creating an impression of credit-worthiness and solidity rather than of political expediency; loans do not seem to imply American support to either the projects or regimes involved, since they can be treated as "business" propositions. They also *appear* more economical since they do not have to be written off at the outset as a dead loss. Certainly Congress has found this rationale attractive. Even before the establishment of the Development Loan Fund in the Mutual Security Act of 1957, there were indications that Congress was ready to abandon "grants-in-aid."

The concept that loans are more "business-like" should not be carried too far. The most economically feasible projects are not ordinarily eligible for foreign aid; indeed, under prevailing legislation and administrative practice, loans that can be commercially financed are referred to banks and other development funds. "Soft" loans (those made on easy payment terms) must still be made on the basis of a country's balance-of-payments position; some are so "soft" they have been estimated to be 80 per cent gifts.

In the last analysis, however, aid loans, like grants, are usually determined by need, not ability to pay; indeed, sometimes the two are inversely related. The Latin American countries in the Alliance for Progress found that, by the end of 1964, they had external debts of over \$10 billion, nearly half of which was due for repayment within five years. India's foreign debt service was 17 per cent of its total foreign exchange earnings, a figure that could double within the coming decade. No doubt further loans can be made to permit debt servicing, but it is not certain how far the rate of economic development will permit the liquidation of such obligations without undue strain on the nations involved.

In spite of the historical reasons for doubting the fiscal soundness of international loans, the Congress continues to favor this approach, for reasons both ideological and pragmatic. There is still a general distrust of handouts and a hope that loans will be less of a burden on the American taxpayer.

Direct capital flow remains the major component of foreign aid, however it is administered. Recent developments have not reduced the importance of capital aid, but only added to the resources available to increase its effectiveness.

HUMAN RESOURCE DEVELOPMENT

As we have seen, capital aid may serve only part—and sometimes not the most urgent part—of the developing nations' pressing needs: capital development depends on human development. Although it is obvious that dollars alone cannot induce economic development, the implications of this fact

are easily overlooked. The concept of treating uneducated and unskilled humanity as a national resource is novel and in some ways uncomfortable. Among other things, it implies an effort to educate and motivate man on a larger scale than ever before in history.

Apart from its brief colonial experience in the Philippines, the United States has had little interest or experience in cultural aggrandizement. During World War II, however, the Reconstruction Finance Corporation began to offer large-scale technical assistance and training to speed up the production of strategic raw materials in Latin America, and by the end of 1941, the coordinator of Inter-American Affairs was offering technical assistance as well as other cultural and information activities in public health, education and agriculture. These operations never assumed very substantial proportions and even UNRRA in postwar Europe did not include much technical assistance. What these forerunners of modern aid did contribute to the era of the Marshall Plan was a pool of experience upon which to draw.

Although Europe recovery under the Marshall Plan did not require the technical assistance that would be necessary later in other areas, capital assistance alone was not enough. Converting Europe's wartorn and obsolete capital plant into a modernized and consumer-minded operation needed more than money. A variety of technical assistance programs were soon under way, usually on a small information-supplying basis.

By the end of 1951, the European Recovery Program had generally achieved its purposes six months ahead of its own deadline, and at a cost of only \$12 billion instead of the \$17 billion anticipated. But the Korean War was a reminder that industrial rehabilitation for peacetime prosperity in Europe was not enough to prevent the cold war from becoming hot in other parts of the world. The United States was forced to increase its influence in the underdeveloped areas where the U.S.S.R. was beginning an increasingly successful propaganda offensive.

Establishing significant relations with these nations required new forms of aid diplomacy,

more intimate association with national planning and resource allocation in other countries, and greater involvement in the development of human technological and managerial capacities.

TECHNICAL ASSISTANCE

The impossibility of using foreign capital alone to move the developing countries into an industrial age was indicated by the first rough cost estimate: \$19 billion a year to increase their national income a mere 2 per cent annually. Such sums could not be expected from American or other Western sources and, in fact, could not have been usefully absorbed in these small nations which so desperately needed them.

President Harry S. Truman's "bold new program" was to provide the American answer. His 1949 inaugural address had already marked the official introduction of a coordinated large-scale program of technical assistance. Point Four in this program declared:

... we must embark on a bold new program for making the benefits of our scientific advance and industrial progress available for the improvement and growth of underdeveloped areas. . . . For the first time in history, humanity possesses the knowledge and skill to relieve the sufferings of these people. . . .

The optimism of the early Point Four days grew from the concept that, unlike capital, knowledge may be shared without being diminished.

Sharing this fund of American knowledge required changing the administrative approach to foreign aid. It called for a large staff of technicians, first to help develop suitable projects, then to help carry them out. Technical assistance became viewed as a "multiplier" activity, with each technician expected to be more a teacher than a doer. Aid missions began to grow in size and Americans began to work closely with technicians at all levels in the developing nations.

The initial cost of this program was small—only \$35 million was authorized in the first Act (1950), but technical innovations and anticipated improvements in the climate

for investment were expected to attract additional, private capital. Assistance was offered in irrigation and water control, food and agriculture, rural improvement, malaria control, public health, sanitation, education, natural resources, housing, transportation, commerce, industry, marketing and public administration. By 1963, AID had 3,000 technicians abroad, primarily training and demonstrating. American colleges and universities, cooperatives and labor unions all had teams abroad, bringing the total number of technicians overseas close to 5,000. This was accomplished with only 8 per cent of AID funds (15 per cent of its economic development budget) assigned to technical assistance. (In 1965, however, the United States supplied fewer than 7 per cent of the 100,000 technical assistants at work in the underdeveloped world.)

Technical assistance encountered severe problems, too, although they differed from those of capital assistance. The technical assistants often found themselves exercising far more authority than had been intended. Sometimes the shortage of local personnel meant that the American expert had to work alone; in other cases a single overworked local official had to serve as "counterpart" for two or three Americans. It soon became obvious that technical assistance had to be accompanied by manpower development on a large scale—through the local educational system. It was necessary to provide teachers, to supply capital grants for libraries and laboratories, and to establish vocational education and agricultural schools. And even these efforts did not meet the staggering needs for mass education.

Human resource development demanded new techniques. The most obvious was to open American and European universities to students from Latin America, the Middle East, Africa and Asia. Some 50,000 were enrolled in West Europe and North America in 1958–1959, in addition to 7,000 in the Soviet Union and 3,500 in Japan. The United States had the largest proportion—38 per cent.

In addition, large numbers were brought

to the United States under special Participant Training programs. A total of 70,556 trainees were sponsored under AID and earlier programs from 1950 to 1963 and another 180,000 had been trained in the United States by July, 1964, under military assistance programs. This technique, however, sometimes met an unexpected result, i.e., net brain-drain, when the participants elected to remain in the host country rather than to return home.

In recent years American aid programs have increasingly used the human resource approach in determining priorities. Thus in 40 countries, development grants (largely in education) and technical assistance for human resource development have accounted for more than 50 per cent of the total aid. In countries where human resources were already well developed—such as India and Pakistan—these forms of aid amounted to less than 5 per cent of the total; in Japan, Israel, Spain and Greece such aid has been discontinued as no longer necessary. In other areas where the need has proved too great to be met by AID, the United States has attempted to supply operating personnel through the Peace Corps and voluntary agencies.

Whether performed by bilateral agencies or through the United Nations, programs in human resource development often bring about an uncomfortably close involvement in important aspects of the developing nations' domestic politics and even more sensitive participation in the processes of institution-building. This has brought difficult problems for all concerned.

SOCIAL RESOURCE DEVELOPMENT

As early as 1958 Harlan Cleveland (now United States representative to the NATO Council) applied the term "institution-building" to the effort to develop an organizational context for technical skills and knowledge necessary to modernization. In the mid-1950's there was a rash of stories about foreign aid bulldozers rusting away near areas being cleared by coolie labor for lack of drivers, mechanics or spare parts, or pumps

lying unused because the villagers saw no advantage in abandoning their traditional ways. Many such failures were ascribed to techniques incompatible with the traditions of other peoples.

It is now clear that modernization is a social progress. Neither capital increments nor technical changes alone account for the difference between underdeveloped and modern industrial societies. To have a continuing impact, aid must concern itself with the social, political, cultural and total economic context in which it operates overseas.

Several approaches to institutional change have appeared in American foreign aid operations. After World War II, efforts were made to introduce institutions that would destroy fascism and encourage democracy—in Japan as well as in Europe.

Even under the Marshall Plan programs, there were important efforts at institution-building. One such device was the merging of funds in projects of mutual interest, giving American advisers a chance to participate while leaving the final responsibilities to the Europeans. This collaboration among American and European planners made possible the development of international planning and contributed to such institutions as the European Payments Union, the European Coal and Steel Community, the Organization for Economic Cooperation and Development, and the Common Market.

Applying the institution-building approach to underdeveloped countries presented a far

(Continued on page 362)

In addition to his duties at Harvard, John D. Montgomery is chairman of the Committee on International Development Research of the Society for International Development. From 1960 to 1963, he was director of the Center for Development Research, African Studies Program, at Boston University. A frequent consultant to the Ford Foundation and AID, Mr. Montgomery is the author of *Politics of Foreign Aid* (New York: Praeger, 1962) and the forthcoming *Foreign Aid in International Politics* (Englewood Cliffs, N. J.: Prentice-Hall, 1967).

Describing the steps in framing United States aid policies, this specialist notes that, "the formulation of foreign assistance policy involves not only the activities leading to the passage of a Foreign Assistance Act but also the day-to-day decisions that are made in the administration of the act."

The Formulation of Aid Policies

By EDWARD S. MASON

Lamont University Professor, Harvard University

THIS ARTICLE is primarily concerned with military and economic assistance embraced within the annual Foreign Assistance Acts and coordinated and administered by the Agency for International Development (AID) in the Department of State. But this is only a part, though the largest part, of the United States foreign aid program. Another sizable component consists of the shipment of surplus agricultural commodities under the authority of Public Law 480, the Agricultural Trade Development and Assistance Act. Such shipments in recent years have ranged in value between \$1 billion and \$1.5 billion. The Department of Agriculture determines what amounts of agricultural products can be declared as surplus; the so-called Food for Freedom Program is coordinated by a director in the Department of State and it is administered abroad by the Agency for International Development.

Then there are direct congressional appropriations to the International Development Association, an arm of the International Bank, which lends to less developed countries on easy terms, and to the Inter-American Development Bank, which is concerned with Latin America. A similar regional bank, to be called the Asian Development Bank and to which the United States will contribute, is in process of establishment for Southeast Asia. Nor is this all. The Peace Corps, which provides special types of technical assistance, is

an independent agency. And the Export-Import Bank, though it usually lends on commercial terms, might also be included. When it is said that the United States provides annually over \$4 billion in foreign economic assistance all these instruments are included.

The activities of the Agency for International Development, however, constitute the core of the foreign aid program, and as an arm of the State Department, AID plays a major role in shaping the use of all types of foreign assistance into an instrument of United States foreign policy. In fiscal year 1966, AID received, excluding supplemental aid for Vietnam and Thailand, about \$3.4 billion in appropriations—somewhat over \$2 billion for economic and the rest for military aid. For a better understanding, it is necessary to say a few words about the meaning and content of economic and military assistance. The latter includes assistance to the military forces of other countries and does not embrace our own military expenditures abroad. The very high current costs of our own forces in and around Vietnam are covered by direct appropriations to the Department of Defense. We are, however, giving support to Vietnamese forces and some substantial part of this has, to date, been covered by the military assistance section of the Foreign Assistance Act.

Military assistance includes the cost of supplying arms to foreign military services; it

embraces a sizable training program for officers of these forces; and it also includes "supporting assistance" which is essentially the provision of economic assistance to permit the receiving countries to devote more of their own resources to military purposes. In fiscal 1966, approximately 70 per cent of all military assistance went to the eleven "forward defense" countries, from Turkey to Korea, bordering on the Soviet Union and Communist China. The military assistance program was initially formulated in the Department of Defense but is coordinated with the economic assistance program by the administrator of AID acting for the Secretary of State.

The economic assistance segment of the Foreign Assistance Act is administered directly by AID and consists primarily of development loans, which are provided generally at long-term and low interest rates, and technical assistance in many forms, which is usually provided on a grant basis. Again it must be emphasized that although AID occupies the center of the foreign assistance stage it administers directly only a part of the total assistance program.

This total program has been described—and on the whole correctly—as an instrument of United States foreign policy. This description carries a strong flavor of selfishness or at least self-interest. It appears to conflict to some extent, with former President John F. Kennedy's statement that we have embarked on a foreign assistance program because it is the "right thing to do." This conflict, however, is more apparent than real. It is probably true that the United States would carry through an assistance program of some size on purely humanitarian grounds even if no interest of the United States were involved. But, more important, it does not follow that because a program is in the interest of the United States it is to the disadvantage of other countries.

In the administration of this particular instrument of foreign policy there is a strong mutual interest in the aid-giving and aid-receiving country in defense and development. In fact, without this mutual interest no program of this sort could function. We

could not provide arms to a foreign government unless that government were willing to receive them and we would not provide arms unless it could be presumed that augmented military capabilities were in the interests both of the receiver and the United States. The same thing can be said of economic development assistance. Presumably the receiving country is interested in its own development and the United States may be interested for reasons to be examined shortly.

RESPONSIBLE AGENCIES

Since foreign aid must be considered mainly as an instrument of foreign policy, the agencies primarily concerned with formulating the foreign assistance program are naturally those with a strong interest in foreign affairs. This means, in the executive branch, the Department of State and, within the department, AID; the Department of Defense and, within the Department of Defense, the Office of International Security Affairs; and the White House. The Bureau of the Budget is, of course, concerned with the expenditure claims of foreign aid as against other claims for funds. The Treasury Department has taken a strong interest in aid policy, particularly since the appearance of a balance of payments problem. Treasury also plays a dominant role in shaping United States policy concerning the World Bank and its satellites, the Inter-American Development Bank, and other regional banks.

The Department of Agriculture is interested not only in the amounts of foods and fibers available for surplus disposal but how the uses of these surpluses affect agricultural development abroad. The Commerce Department asserts an interest particularly in the role of foreign private investment in the foreign assistance program and in the promotion of United States exports. And there are other legitimate interests in the executive branch in the shaping of the assistance program. But the primary interests are those represented by the Department of State, the Department of Defense, and the White House.

As for procedure, the administration's proposed foreign assistance bill is presented to

the Congress through hearings in the House Foreign Affairs Committee and the Senate Foreign Relations Committee. Then, after the bill authorizing aid is thrown open to full congressional debate, an appropriations bill is framed by the House Appropriations Committee. Prior to the Foreign Assistance Act of 1965 it appeared to be the practice of the administration to present to the Congress a request for an amount substantially larger than it expected to get and it was certainly the practice of the House Appropriations Committee to see that the administration in fact got substantially less than it asked for. Lyndon Johnson's first aid bill, however, was presented in a "preshrunk" form, and Congress voted almost the entire amount of his request.

We have emphasized that the branches of the Executive most directly interested in the Foreign Assistance Act are the Departments of State and Defense and the White House, but have pointed out that there are others having a hand in the shaping of policy. The same thing may be said of the Congress. The House and Senate committees dealing with foreign relations have the initial responsibility for examining the substance of what is proposed. But other committees and, indeed, the full membership of the Congress are concerned and, through hearings on the bill proposed by the administration, an opportunity is offered for various interests throughout the country to express their opinions.

A concern with the formulation of foreign aid policies involves us in a consideration not only of how the annual Foreign Assistance Act is shaped and agreed upon but also how it is administered, once it is passed by Congress. Although in our constitutional structure Congress is assigned the task of determining policy, and the executive branch the task of administering this policy, in actual practice things are not so simple. Policy is also made in the countless day-to-day decisions that are taken in the process of making loans and transferring technical assistance to the large number of countries and for the varied purposes about which AID is concerned. These decisions are the responsibility

of the Agency for International Development but they are made with a number of interested parties peering over the Agency's shoulders. The country desks in the State Department are interested in the political implications of AID actions; the White House may intervene on large policy matters and possible reactions in the Congress are never far removed from the Agency's calculations. We shall turn first to a closer examination of how a Foreign Assistance Act is formulated and then consider some of the policy questions that emerge in the administration of the Act.

ADMINISTRATION OF AID

The process of preparing an aid bill in the administration starts approximately a year and a half before that bill is enacted by the Congress. Since it may be another six months or a year after enactment before anything substantial gets done, it follows that there is frequently a long hiatus between the discernment of a need for aid and the actual provision of it. The first step in the preparation of an economic assistance program is a call from AID to its missions abroad for the initial preparation of a "country program" designed to meet the needs of the country in which the mission is located. The call is usually made in January or February of the year prior to that in which the total program is enacted by the Congress. Once prepared and approved by the United States ambassador to whom the aid mission is responsible, this initial country program is submitted to the appropriate AID bureau in Washington for examination. In the meantime, the AID bureau in Washington has been taking some preliminary soundings in the Bureau of the Budget concerning amounts of money that conceivably could be made available during the coming year and has been listening to political advice from the State Department and seeking broad policy direction from the White House. After consideration of what the country missions think is necessary and what the powers-that-be in Washington consider desirable and possible, the Agency issues guidelines to the country mission on the basis

of which a revised aid program is prepared.

The revised programs come back to Washington in the fall and are put together in an initial total program for hearings in the Bureau of the Budget. The presentation to the Bureau is made by the Director of AID on behalf of the Secretary of State. These hearings are concerned not only with the total amount to be requested but how funds are to be allocated among countries and among various types of loans and technical assistance. Once Budget Bureau approval is secured, the program is presumably ready for submission to the White House.

But in understanding this process it must not be thought that the White House stands by ready to consider the program only after it has received the approval of the Bureau of the Budget. The Office of the President can, and frequently does, intervene at any stage and, if the President has strong ideas on how the aid program should be reshaped, he will have made his weight felt long before the proposed bill reaches the Budget Bureau stage. President Johnson in fact has had strong ideas on the reshaping of the aid program and this is seen in the 1967 foreign assistance bill now before Congress. He wants to see much more emphasis given to ways and means of increasing agricultural productivity in less developed countries, to education, and to public health, including population control. The present foreign assistance bill reflects those interests.

The military assistance part of the Foreign Assistance Act goes through a very similar process of initial formulation. The Office of International Security Affairs under the administration of an Assistant Secretary of Defense performs functions similar to those of the Agency for International Development on the economic side. There are Military Assistance Groups (M.A.G. missions) attached to United States embassies in countries receiving military assistance who initially suggest desired country programs. These go to Washington for much the same type of scrutiny as is given the country programs of AID. One difference is worth noting. Military assistance programs are formulated with a five-

year time span in mind, and each year, as the annual program is formulated, one year is dropped off and one year added to the longer-term plan. As is true in the formulation of the economic assistance program, the Department of State is looking over the shoulder of the formulators and the Office of the President may intervene on issues of major importance.

We may now assume that the administration's foreign assistance bill has been drafted, and has secured presidential approval. It then goes to Congress, usually in January, and is accompanied by a message from the President setting out the merits of the bill and the purposes it is hoped to accomplish. In recent years, the passage of foreign assistance bills through Congress has been a long and time-consuming process. They have usually been among the first to go into the legislative hopper and among the last to come out. Extensive hearings are held by the House Foreign Affairs Committee and the Senate Foreign Relations Committee with testimony from the Secretary of State, the AID administrator and other representatives of the executive branch. An opportunity is given for private groups to present their views and there are many such groups violently opposed as well as strongly in favor of the proposed legislation.

MAJOR ISSUES

An examination of the published hearings before the House Foreign Affairs Committee and the Senate Foreign Relations Committee, together with a perusal of the relevant sections of the *Congressional Record*, reveals some of the major issues that have concerned Congress in the foreign aid field. As the promotion of economic development in less developed countries has moved toward the center of the stage, it has been urged that assistance commitments for longer than one year are desirable. The receiving countries frequently attempt to guide their development programs by plans shaped for a five-year period or longer. It is argued that longer-term commitments for the aid-giving countries would permit a significant improve-

ment in the planning process and in the use of aid received. Longer-term authorization has in fact been granted for development loans. Congress to date has been reluctant to go beyond this, though in the current assistance bill the President proposes a five-year authorization procedure for the whole program. Aid appropriations, however, continue to be made on an annual basis.

The merits of economic versus military assistance are argued year after year in the congressional debate. There has, in fact, been a substantial change during the last decade in the proportions of military and economic assistance. In fiscal 1956, 66 per cent of the total appropriations were for military and only 34 per cent for economic assistance. In fiscal 1966, these proportions were almost exactly reversed. A considerable group in Congress, represented strongly by the liberal wing in the Senate, argues vigorously that military assistance is at best a holding operation and that, if we are ever to get out of the aid business, less developed countries must be helped to develop a productive capacity sufficient to provide their own military equipment.

On the other hand, holding operations in various parts of the world, notably in Vietnam, still seem to be necessary. Although—if we exclude the special case of Vietnam—appropriations for military and supporting assistance have declined from nearly \$3 billion in 1965 to less than half that sum in 1966, the prospects for continued reduction, in today's world, do not seem overly bright.

One aspect of the debate concerning the relative proportions of military and economic assistance has been the demand in certain congressional circles for a separation of these different types of assistance into two bills. For a time this was resisted in the executive branch apparently in the belief that military assistance could be relied on to "carry" the economic side of a joint appropriation. There is now, however, reason to believe that the executive branch would be willing to see this separation but that the main opposition comes from the House Committee on Foreign Affairs which is unwilling to relinquish responsibility for military assistance to another

committee. In any case these two rather different types of foreign assistance are still wrapped up together in the same act.

BALANCE OF PAYMENTS

A central issue in the congressional debate in recent years has been the size of the program in relation to our balance of payments situation. The United States foreign payments position has been in deficit for many years and transfers abroad from our gold reserves have been substantial. It is argued that the foreign aid program seriously augments this deficit and that the size of the program should be reduced to lessen the gold drain. On the other hand, it is pointed out that most of our foreign assistance, both economic and military, involves procurement of goods and services in the United States and consequently does not contribute significantly to the balance of payments deficit. This is certainly true of that part of the aid program that consists of P.L. 480 agricultural commodities and a vigorous attempt has been made in the rest of the program to limit adverse balance of payments effects by "tying" aid to United States procurement.

The balance of payments situation also appears as one aspect of the Congressional debate on direct United States aid (bilateral) versus indirect aid via international agencies (multilateral). There is, of course, much more to this question than the balance of payments effects. If foreign assistance is to be regarded solely as an instrument of United States foreign policy there is much to be said for having all facets of this instrument strictly in United States hands. On the other hand, it may well be that international agencies, particularly the World Bank, can do a better job of promoting economic development, dollar for dollar, than can the United States aid agency. Although balance of payments considerations form only one aspect of this issue, it is conceived to be an important aspect. If Congress votes money directly to the International Development Association (an arm of the World Bank) this money will be lent for projects which are open to international bidding. The lowest bidder may not be an

American firm, in which case United States dollars are sent abroad and increase the balance of payments deficit. Direct United States aid, on the other hand, as explained above, is usually tied to United States procurement, as are the "soft" loans of the Inter-American Development Bank.

In recent years, Congress has also been very much interested in drawing American private enterprise into the provision of capital and technical assistance for less developed countries, as far as possible. Under prodding from Congress and suggestions from other quarters, the Agency for International Development has adopted a number of devices to forward this objective. Insurance against various types of risk encountered in the less developed world has been offered to United States investors; the government has assumed part of the cost of surveying investment opportunities; a core of experienced business managers has been recruited for assignment abroad; and a part of the foreign currency funds accumulated by the United States government abroad has been set aside for lending to American business enterprises operating in the area.

These are only a few of the many issues of policy that have been debated in Congress in connection with the passage of foreign assistance acts. There is no doubt that, in the formulation of foreign aid policy, Congress has played an important role. Increasingly, it has appeared to be a somewhat negative role. It cannot be denied that foreign assistance is not regarded by most congressmen as the most popular measure with which they have to deal. A reader of congressional hearings and debates, moreover, cannot help but be struck by the parochial nature of the arguments. A reader of this literature would have a hard time concluding that humanitarian considerations have anything to do with the passage of foreign aid legislation, though there is substantial evidence that, in the country at large, a concern for the well-being of the poverty-stricken three-quarters of the world is real. It is, however, perhaps too much to expect that this concern be expressed in congressional debate, though there is every

reason to believe it has an important influence on congressional action. After all, the recipients of foreign assistance are not voters and it is usually to their constituents in home districts that congressmen address their remarks.

In sum, then, the formulation of foreign assistance acts begins in the Agency for International Development and in the Office of International Security Affairs of the Department of Defense; the Department of State is concerned with political considerations of the foreign aid program at all stages; the White House can and frequently does intervene to change the direction and emphasis of the program; the final or near final shaping of the measure that the administration will present to Congress takes place in hearings before the Bureau of the Budget where the monetary claims of the aid program are weighed against the claims of other programs. Once in Congress, the bill authorizing the program goes to hearings before the House Foreign Affairs Committee and the Senate Foreign Relations Committee before proceeding to congressional debate. If there are differences in the views of the House and Senate, they are reconciled and adjusted by a joint House-Senate Conference Committee. The authorization bill is followed by an appropriations bill, which is subjected to hearings before a subcommittee of the House Appropriations Committee and is then considered, as are all appropriations bills, solely by the House.

As we have indicated, however, the formulation of foreign assistance policy involves not only the activities leading to the passage of a Foreign Assistance Act but also the day-to-day decisions that are made in the administration of the act. These decisions are taken in the Agency for International Development and in the Department of Defense but with frequent intervention from the political side of the Department of State and, on important issues, from the White House. It is impossible, in the space available, to trace in any detail this policy-shaping activity. But one central issue that has been much to the fore in the last few years is worth attention. Increasingly, foreign assistance from the United

States—and to a considerable extent from other countries and international agencies—has moved away from the financing of specific projects and the provision of isolated types of technical assistance, to a consideration of the recipient country's whole development process. This process is conceived to be advanced by the careful formulation of development programs or plans. These programs are, of course, primarily carried out with the domestic resources of the countries concerned. But foreign assistance can and does make a decisive contribution by adding to those resources that are in short supply, helping to break production bottlenecks, and providing managerial and technical advice.

In assessing a development program, it becomes clear not only that the aid-receiving countries must provide the preponderant share of development resources, but that the choice of investment priorities and the domestic economic policies pursued have a great deal of influence on the efficiency with which foreign assistance is used. The value of the "aid dollar" can be greatly enhanced if the aid-receiving country makes sensible investment decisions and follows sensible economic policies. As economic aid is increasingly directed toward the promotion of long-term development, a distinction tends to be drawn between countries in which "good economic performance" appears to justify substantial assistance and those to which the provision of assistance appears to yield marginal results. In fact, there has been in the last few years a growing concentration of aid on a relatively small number of countries that seem to be pursuing effectively what have come to be known as "self-help" policies.

These policies may include maintaining budgetary balance or, if possible, a surplus—through appropriate tax and expenditure

patterns; generating an increasing volume of domestic savings to finance development investment; increasing export earnings; pursuing effective policies designed to substitute domestic production for imports; increasing agricultural productivity; and other measures. If foreign assistance is going to be allocated on the basis of good performance, several heavy responsibilities are assumed by the Agency for International Development. The missions have to be well enough staffed to be able to collect and analyze the data needed to form a judgment on the relative merits of performance. In Washington, decisions on whether country A should get more and country B less will depend on difficult appraisals of relative performance under different circumstances and on the extent and character of United States interests in countries A and B. Finally, the most complex issue of all is concerned with the extent to which it is possible and desirable to use the bargaining power associated with the provision of aid to bring about changes in domestic policies in the aid-receiving country conducive to economic development. If the burden of aid to the United States taxpayer is to be lessened in time, it is a matter of some importance that the development value of each aid dollar be enhanced by sensible economic policy in the aid-receiving country.

This question of conditions affecting domestic policy that may be attached to foreign assistance—in the vernacular, the question of aid "strings"—deserves an article by itself.¹ Clearly, if the amount of foreign assistance provided is a small percentage of the total

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Edward S. Mason has been a member of the Harvard faculty since 1923 and served as Dean of the Graduate School of Public Administration from 1947 to 1958. In 1954–55, he directed the team drawing up the economic development plan for Pakistan and, in 1958, supervised the same task for Iran. He is currently chairman of the AID Advisory Committee on Economic Development and sits on many other advisory boards.

¹ See E. S. Mason, *Foreign Aid and Foreign Policy* (New York: Harper, 1964) and *The Diplomacy of Economic Assistance: Aid With or Without Strings* (Middlebury, Vt.: Middlebury College, 1966); I. M. D. Little, *Foreign Aid* (London: Allen & Unwin, 1965); John D. Montgomery *The Politics of Foreign Aid: American Experience in Southeast Asia* (New York: Praeger, 1962); Frank Coffin, *Witness for AID* (Boston: Houghton-Mifflin, 1964).

Describing the foreign aid policies of the Johnson administration, this specialist notes that, "The eloquence and the humanity of the President's statements concerning the need for more rapid development in the low-income countries are not matched by his proposals for increases in American aid for this purpose. This is a disappointment to those who have hoped that the United States would take greater leadership in meeting the alarming disparity in the rates of growth as between the economically advanced nations and the poor ones."

Foreign Aid under Lyndon Johnson

By ALVIN ROSEMAN

Associate Dean, School of Public and International Affairs, University of Pittsburgh

LIKE HIS PREDECESSORS over the past 20 years, the President of the United States performed the vernal rite of sending a foreign aid message to the Congress in 1966. In ringing language President Johnson called for a new attack on "the root causes of world poverty," which he identified as "the incessant cycle of hunger, ignorance and disease." Are the Johnson proposals merely the traditional activities in a slightly new garb or do they represent a new approach to the old problems of American military and economic assistance?

The fundamental conditions that have required the United States to continue large-scale foreign aid have not appreciably changed. Since the middle 1950's, following the spectacular economic recovery of Western Europe with Marshall Plan aid and the development of American bilateral military assistance into the NATO collective defense system, our foreign aid has focused upon the non-Communist low-income countries of Asia, Africa, the Middle East and Latin America.

Half the world's population lives in these areas. While some of these countries are better off than others, their per capita incomes generally are below \$200 a year, less than 10 per cent of the level the United States enjoys. The minimum requirements

for food and other bare essentials consume almost all their production, leaving them little or no margin for savings to build up their economies. Lack of skilled manpower and managerial talent severely handicaps their efforts to develop their physical resources. Most of them have a small elite group who live in relative luxury, while the great bulk of the population lives at, or below, the minimum for health and decency. The expectations of the masses for improvement in living standards have been disappointed; this is leading to government instability and vulnerability to Communist subversion.

The decade of United States assistance has not substantially improved this picture. Nonetheless, despite limited progress, the American people and their legislative representatives have continued to accept the burdens of large foreign aid programs. However, criticism about lack of accomplishment has been mounting, even among those who appreciate the international responsibilities of the United States in today's world and the importance of economic development in low-income countries. With characteristic American optimism that all problems can be solved if the right methods are used, members of this group have been calling for new approaches in foreign aid.

Each new President has felt compelled to

meet congressional impatience at the slow rate of progress by announcing a change in the major emphasis of the United States attack on the problems of development. In 1949, when President Harry S. Truman announced that this country would assist the developing nations by sharing American technology, the initial conception essentially was that technical advice would be provided. During the Dwight D. Eisenhower administration, United States assistance, especially to countries involved in anti-Communist alliances, such as SEATO and CENTO, placed more stress upon the provision of capital for physical projects and upon the use of economic assistance to support military forces.

John F. Kennedy's leadership was strongly influenced by a highly sophisticated group of economists who were primarily concerned with the creation of a climate favorable to growth in low-income countries through major economic and social reforms. Their principal interest, however, was in the development of comprehensive development planning and in the use of large-scale capital aid to stimulate rapid growth. While they recognized the importance of human resource development, they were inclined to give this relatively low priority because of the long time required to effect changes through improved education and similar measures.

Much of this change was little more than window dressing. Economic growth in low-income countries requires improvement in both physical plant and in human resources. The roads, irrigation systems, power generating facilities and factories involved in the development of a nation's material resources demand large-scale capital investment. The improvement of human resources, on the other hand, is more largely a matter of education, health and nutrition, including the modernization of the government programs by which these services are provided.

The low-income countries require external aid in both aspects. Actually, the distinction is more semantic than real, for skilled manpower is necessary for the development of physical resources and capital investment is essential for the schools, medical centers and

other facilities required to improve the capabilities of the people. Moreover, neither facet can make much progress unless the country achieves a reasonable degree of political and fiscal stability, and unless it takes basic steps to improve government and administrative competence.

If we are to judge by President Johnson's foreign aid message and his two subsequent communications to the Congress on international education and health and on the war against hunger, the pendulum of American policy seems to be swinging again towards the emphasis on human resources. At this writing, only the broad outlines of his proposals have been made public, but it appears that the President plans to reduce substantially the proportion of the bilateral economic aid program to be used for industrial development and public works. He proposes to direct more attention to improving education and health, increasing food production and aiding population control programs in countries concerned about rapidly rising birth-rates.

HOW MUCH AID?

The President does not propose any significant change in the magnitude of the United States aid effort, on either the economic or the military side. In the fiscal year 1966, Congress appropriated \$2.463 million for economic aid; for 1967, the President's request was \$2.469 million. The funds requested for military assistance for 1967 were \$917 million, which approximated the amounts available for this purpose in 1966, excluding the costs of military aid in Vietnam, which hereafter are to be met from Defense Department appropriations rather than from the aid program.

The decision to hold the 1967 aid program at the 1966 level, rather than to ask Congress for an increase, was undoubtedly influenced by the rising costs of the Vietnam war and by the requirements of the domestic "Great Society" activities. On the economic assistance side, the proposals for appropriations represent roughly .3 per cent of our Gross National Product, as compared with approxi-

mately 1 per cent of national production in the Kennedy period and about 2 per cent in the Marshall Plan days. Even when other forms of United States economic assistance, such as contributions to the development activities of the multilateral agencies and the costs of the Peace Corps and of surplus agricultural commodities are added, the total American effort hardly represents our commensurate contribution to the aid which the rich nations of the world must supply to enable low-income countries to make significant progress towards self-support.

The Johnson administration is continuing the trend (begun under President Kennedy) towards concentrating large-scale economic assistance upon a limited number of countries. While 77 countries are currently receiving some United States economic aid, in 1967 over three-quarters of the funds will go to ten nations and over 90 per cent to 20 nations. These principal recipients fall into two categories. One group, including such countries as Vietnam, Laos and the Dominican Republic, require large-scale aid primarily to meet the impact of insurgency or civil war. The other consists of countries with relatively short-run possibilities for economic progress; a concentration of U.S. economic assistance in these nations hopefully will enable them to move ahead rapidly to self-supporting growth. Under the Alliance for Progress, special attention will continue to be given to Latin America, which includes some countries in this latter class, but which also has some with far less possibility of short-range improvement.

At the same time, the United States is continuing a number of aid programs of less than \$1 million annually, primarily in some of the smaller ex-colonial countries of Africa. Such limited programs hardly can have a significant impact upon the development of these exceedingly poor new nations. They essentially represent a political token of the long-range American interest in these areas and a recognition of the fact that these countries do not wish to be completely dependent upon their former colonial rulers for bilateral external aid.

Overfed Americans respond readily, perhaps guiltily, to food shortages in other parts of the world. In the fiscal 1967 foreign aid program, the President has called for an intensive effort to help the developing nations to supply their own food needs. Since 1961, per capita food production has fallen by 3 per cent in the low-income countries. In many parts of the world the failure of agricultural output to keep pace with increasing population has been aggravated by famines caused by natural disasters. While American food production has increased by 4 per cent during the past four years, the expanding food requirements of the less developed countries cannot be met constructively through continuing dependence upon United States' abundance.

The new program would involve financing increased imports of fertilizers and the expansion of American technical assistance for the improving of agricultural technology and institutions in these countries. The President proposed deleting the legislative requirement which has limited American food aid to surplus agricultural commodities. This step reflected the change from a concept of overseas disposal of the accumulated American food surplus (which now has been reduced to a manageable reserve) to that of using our enormous agricultural productivity to encourage economic development in low-income countries.

It will be extremely difficult to obtain increased output in the low-income countries which lack technical personnel, research and agricultural extension institutions, seed, fertilizer and pesticide supplies, storage facilities and credit programs. Even more Herculean is the task of persuading small subsistence farmers to risk their families' food supply by accepting new agricultural techniques.

President Johnson has properly stressed the fact that augmenting farm productivity in these countries requires national will and self-help. But the Congress, the public and the administrators of the aid program must recognize the slow, painful process by which progress is made in the rural areas of the low-income countries. In many cases, real ad-

vances may have to await a new generation of farmers, who are the product of a much improved national system of education and who can be helped by a more widespread network of agricultural institutions and services.

The grim, almost desperate rhetoric of the President's message would imply the need for very substantial augmentation of United States assistance to foreign agricultural development. But the increase he proposed is only about \$150 million over the 1965 expenditures for this purpose. The non-Communist countries in which per capita food production is declining represent a population of at least 1.5 billion; augmenting United States foreign agricultural aid by ten cents per head per year—which must cover most of the imported fertilizer and agricultural machinery, as well as the cost of American technical adviser—hardly seems an appropriate response to this urgent situation.

The President and his budgetary advisers have undoubtedly taken into account the time lags involved in any effort to change agricultural practices and the difficulty of spending money wisely until agricultural institutions and technical personnel in low-income countries are strengthened. But an all-out effort to improve even these basic services will require far more than the relatively modest increase proposed by the President.

MORE EDUCATION

History may well record the mobilization of federal resources to meet America's educational problems as President Johnson's most significant domestic contribution. He voiced his concern about the need for a world-wide educational endeavor at the bicentennial celebration of the Smithsonian Institution in September, 1965, and his proposals were more specifically outlined in his message on International Education and Health.

The international measures proposed by the President deal with a very broad spectrum of American educational activity, transcending the traditional notions of foreign aid. He plans to create a center for leadership in international educational cooperation in the De-

partment of Health, Education and Welfare which will assist American institutions to develop world affairs study and research programs, as well as to equip themselves for long-term overseas educational enterprises. He proposes a variety of additional innovations directed primarily at enhanced international understanding, increased cultural exchange and more adequate preparation of American students for participation in the country's international relations.

There is less spectacularly new in those parts of the Johnson educational program which relate directly to foreign aid. The educational activities of AID (the Agency for International Development) are to increase by 50 per cent, rising to over \$200 million. The traditional areas of teacher training, vocational and scientific education and construction of educational facilities will continue to receive primary emphasis, but additional attention is to be directed to the development of new pedagogical techniques including those required to deal with the problems of illiteracy.

A 50 per cent augmentation of United States aid to the educational systems of less developed countries sounds somewhat more impressive than the actual increase of about \$70 million in the funds available for this purpose. Aid to education has represented only about 5 per cent of American economic aid; with the President's increase it will constitute only approximately 8 per cent of the 1967 program. The French, who long have emphasized the educational aspects of foreign aid, devote a much higher proportion of their assistance to this field; while most of their expenditures have been for salaries of French school teachers, rather than for broader educational development, the impact has been substantial.

Most United States educational aid goes to primary and vocational education, the preparation of primary teachers, and the development of colleges and universities. The extensive participation of United States universities in technical assistance contracts with sister institutions in low-income countries is resulting in significant improvements in higher

education. Relatively little attention is directed, however, to secondary school systems. While higher education is a vital need for the preparation of professional and intellectual leadership in these countries, only a very small percentage of the population can aspire to that level. A larger proportion can hope to obtain some high school education.

For many years to come most of these countries' technicians, industrial and commercial managers, and intermediate level governmental administrators must be supplied from secondary school graduates. One reason for American neglect of secondary education has been the fact that in many countries secondary schools predominately have been private or religious institutions. Another factor may be the unfamiliarity of many AID educational advisers with the French and British systems of secondary education which have provided the models for most secondary schools in the developing countries.

BETTER HEALTH

Like other aspects of human resource development, health has had its ups and downs as a component of American economic aid. The Institute of Inter-American Affairs, which was the principal United States agency for assisting low-income countries during the 1940's, devoted 80 per cent of its resources to health activities. In contrast, on a world-wide basis, in 1965 the health field accounted for about 2.3 per cent of American aid for capital projects, such as hospitals and water supplies, and about 6 per cent of American technical assistance. Only 5 of the 129 aid-financed contracts, under which American higher education institutions assist foreign colleges and universities, are in the health area.

The President's foreign aid message included provision for a two-thirds increase in health programs. This will bring the annual level up to more than \$150 million. The primary emphasis will be upon eradication of malaria and smallpox and control of cholera and infantile diarrhea; a comprehensive attack upon malnutrition, especially among

children; and a doubling of the present program for strengthening medical and health training institutions in low-income countries.

In his International Education and Health message, the President also proposed the development of an international health corps within the United States Public Health Service. The legislation to implement this proposal has already encountered trouble. A majority of the Rules Committee of the House of Representatives has objected to its consideration on the ground that the United States already faces a shortage of physicians and that the domestic need for medical personnel will be increased by Medicare and other health programs. While this legislative roadblock probably can be surmounted, the difficulty of supplying an adequate number of American doctors and other health workers may well be a serious barrier to the expansion of our bilateral activities in the health field. It may be more efficacious to expand health aid to low-income nations through the World Health Organization and similar multilateral agencies which can recruit medical personnel from many other countries.

POPULATION POLICY

The difficulties which rapidly rising populations present for economic progress in low-income countries have long been recognized as a fundamental problem in development. But only in the past year or so has the American aid program begun to overcome the domestic political and religious opposition which had previously excluded population policy as a field of foreign assistance.

In all three of his recent messages the President has reiterated the significance of the race between increasing population and food supply. He has affirmed his intention to expand research in human reproduction and population dynamics, enlarge the training of American and foreign population specialists, and increase United States technical assistance and local currency support to developing countries requesting such aid. AID's existing practice of refusing to finance contraceptive devices or equipment to manufacture them apparently will be continued.

The augmentation of United States assistance in low-income countries in the population field is a welcome indication that this long-neglected aspect of development policy will receive priority attention. However, the creation of effective population programs in low-income countries will require many years of continuing effort, by the United States and other national and international sources of external assistance and by the developing countries themselves. The training of the necessary local personnel, the problem of reaching village populations, and the cultural impediments will probably make for slow progress, even in countries whose leaderships wholeheartedly support population programs.

SELF-HELP

The doctrine that the United States should help only those countries that help themselves is one of the oldest principles in the American aid program. The President placed special stress upon this tenet in his foreign aid message and declared that action by countries to make effective use of their own resources, and not merely promises to do so, would be the standard for United States assistance. This concept is undeniably sound. Basically, development comes from effective mobilization of the material resources, the brains and the toil of the local population, rather than from external aid, as important as the latter may be for the margin of success. Moreover, unless a country puts its own house in order, outside assistance will be wasted.

This principle is also generally accepted by the leaders of most low-income countries. However, agreements on principles are not self-executing. The two decades of American foreign aid history are replete with illustrations of countries which have failed to fulfill their commitments on self-help measures important to economic growth and social progress. In many of these cases, national officials agreed to undertake actions of this character as part of their negotiations for American grants or loans. They undoubtedly did so in good faith, but frequently they overestimated their ability to overcome the domestic opposition which such measures inevit-

ably encounter from those who may lose wealth or power from modernization.

Unless the United States is willing to accept inadequate performance of self-help agreements, at least for a temporary period, it may be confronted with the weakening, or even the collapse, of the progressive forces which it is seeking to encourage. Application of the sanction of withholding or withdrawing American assistance because of failure to fulfill these commitments thus may be counter-productive. This dilemma is even greater where a major American security interest is involved. Sound steps for economic growth may have to be postponed to maintain political stability or a defense capability important to the United States.

Foreign assistance, nevertheless, may itself be used as an important incentive for economic reform. National officials may be willing to take action against a serious internal inflation if they are assured that the United States will finance the additional imports required to combat rising prices. Similarly, external financing for a major capital project may be subject to the country's achievement of specified increases in internal tax receipts. Any such conditions must be mutually understood, and the degree of performance which will enable the country to claim the additional aid must be specified and, if possible, be subject to objective measurements.

National sensibilities make the imposition of conditions of this nature a very delicate matter. The charge of American economic imperialism is always a convenient weapon for opposition parties. But there is also increasing recognition that donor countries will not continue to provide aid to nations which waste both their own resources and foreign assistance.

MULTILATERAL ASPECTS

The President's proposals place emphasis upon the increased use of United States aid for the development of human resources, without any augmentation in the total funds available for foreign assistance. This would appear to mean a reduction in bilateral American financing of large-scale capital

projects, such as roads, harbors, factories and power systems. The principal source of financial assistance for these types of physical infrastructure will either be the bilateral programs of other major donor nations or the international lending agencies.

President Johnson has indicated his willingness to increase the United States contribution to these multilateral institutions, if other member nations also do so. The World Bank has relied upon the sale of its own bonds in the United States and in other major capital markets as the principal source of financing for the loans it has made for its projects in developing countries. The American balance of payments situation and the general tightness of the capital market in most financial centers has been reducing the funds available for these issues. Moreover, a number of low-income countries have reached the limits of their capacity to borrow at the interest rates required for the Bank's conventional loans. It does not seem probable that this institution can make up for the reduction in the funds for large-scale capital development projects contemplated in the 1967 American program.

The International Development Association, the affiliate of the World Bank which makes loans at lower rates, secures its funds from contributions by national governments rather than by the sale of its bonds. It must compete against national bilateral aid programs for the resources which legislative bodies make available for foreign assistance. While the United States may be willing to provide additional funds for the International Development Association without reducing its own bilateral effort, other countries may not be willing to provide substantial additional resources to that multilateral agency.

The President had words of encouragement for the regional development institutions, such as the new Asian Development Bank, and the similar agency in prospect for Africa. He also pledged continuing American support for the Alliance for Progress and for the Mekong Basin program in Southeast Asia. He indicated that, as these and other regional institutions gained strength, the United States would make greater use of

them as channels for American assistance. In the past, American administrators have resisted moves to allow multilateral or regional agencies an effective voice in the allocation of bilateral aid funds among individual countries. However, the United States has been moving away from this narrow viewpoint.

There is new appreciation of the value of a collaborative approach to the financing and implementation of national development, not only as among donors, but also as between them and the recipients. Low-income countries have found it politically possible to accept self help and reform measures proposed by international bodies in which they themselves are members, when they could not do so in a bilateral negotiation with the United States. The mutual self-policing which takes place when the aid-giving and the aid-receiving countries jointly review progress towards their common objectives is perhaps the most promising hope for the future.

MILITARY ASSISTANCE

Under the President's plan for holding military assistance costs in fiscal 1967 at the 1966 level (except for Vietnam) no major change appears probable in this aspect of our foreign aid program. The basic purpose will continue to be that of providing equipment and training to the armed forces of our formal allies and of other friendly countries. About three-fourths of the funds will be used

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Alvin Roseman served extensively, for 30 years, in the administration of local, state, federal and international programs. The positions he held are: United States Representative to the United Nations agencies at Geneva, Chief of the International Division of the U.S. Bureau of the Budget, Deputy Chief of the American Economic Mission to Greece, Regional Director of the International Cooperation Administration for the Far East and Assistant Director General of UNESCO. He joined the University of Pittsburgh in 1963.

As this economist evaluates the economic effects of our aid program, he concludes that the U.S. "could surely afford 1 per cent or \$7 billion in 1966-1967 out of a GNP of \$700-750 billion," especially since "to some extent the assisting country receives back part of what is given, out of the rising use of capacity often associated with aid programs."

The Economics of Foreign Aid

By SEYMOUR E. HARRIS

Chairman, Department of Economics, University of California at San Diego

THE 1966 VERSION of foreign aid marks an advance over earlier programs, because the Government now proposes to allocate aid with an eye to helping those especially who help themselves. Aid for 1967 is also to be used especially for the improvement of health and education¹ and the production of food.

The proposed aid program for fiscal 1967 is not an especially generous one, a fact that is explained in part by the President's anxiety to spend adequately for the Vietnam War and for favorite domestic programs, e.g., education, health, antipoverty, without incurring large deficits. Appropriations are especially small when evaluated against views widely held that all the underdeveloped countries need about \$15 to \$20 billion in aid by 1970.

This projection of \$15 to \$20 billion is arrived at on the assumption that this is the amount required to make possible their minimum rate of growth under stable political situations. In 1965, they seemed to be getting from \$8 to \$9.5 billion with the major share coming not from government aid but rather through trade credits. A continued widening of the income gap between underdeveloped

and developed countries is likely to bring political chaos.²

The United States budgets for international affairs and finance for the fiscal years 1960, 1965, 1966 and 1967 are shown in Table I.

Foreign aid has not always been the most popular spending program in the United States. One reason for this is that it has not always been possible or wise to allocate aid to further our political objectives. Secondly, the successes of foreign aid have not been so spectacular as under the Marshall Plan. This is not surprising since foreign aid as a percentage of GNP was 2 per cent in the Marshall Plan period and is .5 per cent now. Failure of recipient nations to spend the money effectively has contributed to this result.

OUR DOLLAR POSITION

In the last few years another issue has emerged as we have moved from a position of dollar scarcity to one of dollar saturation. We now have to take account of the effects of the foreign aid program on our dollar position. Insofar as foreign aid is offset by an equal rise of exports or (and) reduction of imports, the problem is not troublesome. But ordinarily foreign aid does not yield an equivalent rise of exports and reduction of imports. Hence the effect of foreign aid is likely to be an increase in the supply of

¹ See M. Yudelman and A. Curle, "The Goals of Education in Underdeveloped Countries" in S. E. Harris (Ed.), *Challenge and Change in American Education* (Berkeley, California: McCutcheon, 1965).

² See *The New York Times*, April 1, 1966, p. 11.

TABLE I: U.S. BUDGETS (in millions)*

	1960	1965	1966	1967
Total	3,064	4,304	3,932	4,177
Food for Peace	1,327	1,641	1,701	1,539
Development Loans	202	754	669	634
Supporting Assistance	995	387	509	642
Alliance for Progress	—	367	420	430
Technical Cooperation	149	227	204	200

* Source: *The Budget in Brief, Fiscal Year, 1967*, p. 66

dollars dumped on the market and a weakening of the dollar.

To contend with this problem, the government has sought to stimulate purchases of goods in the United States with dollars received under aid programs. As dollars are made available for assistance, the government encourages purchases in the United States by requiring recourse to American markets unless the price is much higher in the United States. Hence the government is able to convert 80 per cent of the assisted dollars into purchase of United States goods and services. In his February 1, 1966, message on foreign aid, the President noted that off-shore purchases for foreign aid had declined from \$1 billion in 1960 to \$533 million in 1964 and anticipated a further drop to \$400 million in fiscal 1967.

In the period of dollar saturation since 1958, the government has sought to improve the balance of payments in various ways, such as favoring purchases at home, taxing purchases of foreign securities as a means of discouraging these purchases, and asking for "voluntary" control of capital exports. Many of these measures have been unpopular. Corporations that are asked to cut their direct investments abroad—which often are much more profitable than investments at home—often complain of the voluntary capital program (see Table II). Hence corporate executives often propose that the approach to dollar equilibrium should be a large cut in foreign aid rather than shutting off or discouraging capital exports by private interests. But since for every dollar of foreign aid, about 80 cents is spent at home, the gains to the dollar market of cuts of foreign aid would not be great.

Actually foreign aid, inclusive of about \$1 billion in military aid, is about \$3.5 billion or about .5 per cent of the country's GNP—not really a great burden, though in periods of little excess capacity such expenditures may contribute to some inflation. But it is well to observe that about two-fifths of the foreign assistance is for Food for Peace. Such expenditures are offset by excess stocks of food and hence their transfer contributes little to inflation. Moreover, with the growing shortages of food abroad, the exportation of food under the Food for Peace and similar programs should reduce government payments to farmers for keeping their production or marketing down. In this connection, it is of some interest that it is estimated that the cost of the farm income stabilization program for fiscal 1967 will decline by 5 per cent.

AID AND POPULATION

Recently, in its foreign assistance programs, the government has given increasing attention to the population problem. With current estimates that world population in the year 2000 will double to about 6 billion, it is not surprising that much attention is being given to overpopulation. A good part of the gain of rising productivity is being absorbed by the rise of population. When per capita output increases by 6 per cent a year, and population by 3 per cent, the gain in standards is only about 3 per cent, a rate of gain that impatient leaders of the underdeveloped countries find less than adequate. One of the complaints of the governments of underdeveloped countries is that the difference in the standard of living between advanced and underdeveloped countries continues to increase. The large gains of population in the

underdeveloped countries is a good part of the explanation.³

Despite the large amount of aid offered by the United States since the beginning of the Marshall Plan, President Johnson in his Foreign Aid Message of February 1, 1966,⁴ expressed dissatisfaction with the progress that has been made. In the developing nations, only half the adults have ever been to school. Over half the people are hungry or undernourished; food production per person is falling.

Johnson warned that investment in improved land techniques, tax reform, increased outlays on health and education and facing the population problem squarely are the responsibilities of the people of these areas. The United States can help to some extent; but the major tasks are to be performed by those living in the underdeveloped countries. President Johnson's foreign aid message of February 1, 1966, marked important departures from past policies. The Vietnam war has resulted in a heavy concentration of aid in that area. Concern over Vietnam was bound to be reflected in reduced aid in other areas.

One of the developments related to the crises in Asia was the creation of the Asian Development Bank, with capital of \$1 billion and with plans to operate like the World Bank. The United States agreed to provide \$200 million of the \$1,000 million of capital, the sum to be paid out over a few years. In all, Vietnam was to obtain about 20 per cent of the economic aid for all countries or about \$550 million. A roughly equal amount was to be provided under the Alliance for Progress program. Hence these two troublesome areas were to receive about \$1.1 billion of the \$2.5 billion of economic aid to be made available. (Military aid of about \$1 billion is additional). An indication of the increasing concentration of help on a limited number of countries is revealed by the fact that nine-tenths of the \$665 million of development

loans are to be concentrated on 5 countries—India, Pakistan, Turkey, Korea and Nigeria.

DEFICIENCIES IN AID

On the whole, the programs of foreign aid to underdeveloped countries have not been highly successful.⁵ The improvement in the standards of living has not been spectacular; nor have the underdeveloped countries generally been able to maintain stable and growing economies.

Aware of many of the deficiencies in aid programs, the Johnson administration is trying to introduce corrective action. For example, the administration urges other democratic countries with high incomes to increase their contributions. In order to achieve higher returns per dollar spent, the President seeks a five-year authorization both of foreign economic aid and military assistance. The result would be a five-year plan freed to some extent of the uncertainties of yearly repetitions and comprehensive examinations of the program. But the Congress is not generally susceptible to authorizations for several years.

Again the government, and especially in response to the rising population and inadequate food supplies, allocates larger relative sums to improvement of farming and cautiously moves towards proposals for population control. So far, however, the main gains have been in prolonging life and hence increasing population. Advances in birth control are next on the agenda.

By providing insurance and guarantees in case of losses on private investment abroad resulting from such contingencies as defaults and civil war, the government seeks increased investments by private interests.

This country has also supported the underdeveloped countries in their attempts to stabilize the prices of raw materials and foods through cooperative programs to purchase excess supplies in markets experiencing serious declines in prices.

One of the most costly economic diseases is inflation. This country in its direct aid programs and also in its contribution to policy-making in international agencies, e.g. the International Monetary Fund, has es-

³ For further discussion, see *Current History*, August, 1966.

⁴ For excerpts, see pp. 358 ff. of this issue.

⁵ For case studies of specific areas, see *Current History*, July, 1966.

TABLE II: DIRECT U.S. INVESTMENTS ABROAD (in millions)*

LOCATION	1950 Value	1950 Percentages	1960 Value	1960 Percentages
Canada	\$3,579	30.37	\$11,198	34.20
Europe	1,733	14.70	6,645	20.30
Latin American Republics	4,445	37.70	8,365	25.55
Western Hemisphere Dependencies	131	1.11	884	2.70
Africa	287	2.43	925	2.82
Asia	1,001	8.50	2,315	7.07
Oceania	256	2.17	994	3.03
Other International	356	3.02	1,418	4.33
Total	\$11,788	100.	\$32,744	100.

* Source: *Foreign Economic Policy, Hearings before the Subcommittee in Foreign Economic Policy of the Joint Economic Committee*, U.S. Congress, December 4-14, 1961 (Washington, D.C.: GPO, 1962), p. 481.

poused anti-inflationary policies. An interesting example is the situation in Vietnam, with large military and civilian expenditures associated with the war. The large outlays in local currencies, as dollars received from the United States are converted into domestic currencies, help bring serious inflation. This country tries to treat the resultant upward price pressures by restrictions on spending of dollars, by greatly increasing the importation of consumer goods thus to offset the increase of money, and by other measures—e.g. encouraging savings by the military on behalf of the families of the fighting men.

Finally, the large attention given to health, education, food and farming generally reflect an awareness that these fields are in greater need of cultivation than might be inferred from past allocation of the aid dollar.

What in a general way can be concluded about United States foreign aid? The amount of public aid for the underdeveloped countries is inadequate to cope with the low standard of living, the instability of prices and of returns on major crops and low standards of education and health. If the United States could provide \$4 billion a year in aid in the late 1940's out of a GNP of about \$250 billion, or about 1.6 per cent, it could surely afford 1 per cent or \$7 billion in 1966-1967 out of a GNP of \$700-\$750 billion. In addition, to some extent the assisting country receives back part of what is given, out of

the rising use of capacity often associated with aid programs.

Equally, if not more important, is the planning of allocation and use of the aid dollars. A five-year program could be much more effective than a one-year program; a greater use of assistance which exploits the most productive sectors of the economies of the underdeveloped countries would help greatly, as would more stable governments and improved monetary and fiscal policies.

Among the issues that require more attention are the large population in underdeveloped areas relative to resources; improved measures to support prices and incomes of producers of food and raw materials; sharing equitably in any program to increase international reserves; protection of export markets of underdeveloped countries against protectionist elements in the Common Market;

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Before his appointment to the University of California, Seymour Harris taught at Princeton and later at Harvard, where he became Professor Emeritus of Economics. He has served in an advisory capacity in state and federal government positions and is the editor and author of many economic studies. One of his more recent is *Economics of the Kennedy Years* (New York: Harper & Row, 1964).

Decisions as to whether or not foreign aid should be provided to "totalitarian" governments abroad must be based, in the view of this specialist, on gaining insights into some "extraordinarily complex questions," which "requires some understanding of the overall inhibitions limiting the ability of government officials to formulate and to follow consistent and effective policies. . . ."

Should the United States Aid "Totalitarian" Countries?

By CECIL V. CRABB, JR.

Chairman, Department of Political Science, Vassar College

LATE IN JULY, 1963, one of America's ablest and most distinguished diplomats, George F. Kennan, resigned as ambassador to Yugoslavia. A year earlier, at the initiative of the Senate, Congress prohibited the extension of United States foreign aid to any country "known to be dominated by communism or Marxism,"—a restriction aimed specifically at Poland and Yugoslavia. Insistent White House pleas for flexibility in the administration of foreign assistance funds—coupled with Kennan's public statement that Congress' action was "the greatest wind-fall Soviet diplomacy could encounter" in Eastern Europe—finally persuaded reluctant legislators to let the White House waive the prohibition when the national interest demanded it. As expressed in a *New York Times* editorial, legislators, in company with many Americans, had difficulty understanding the "important subtleties" inherent in the positions of Marxist states like Yugoslavia and Poland in world affairs.¹

¹ For fuller discussion of Congress' treatment of Yugoslavia and Poland, see Jules Dairds, *The United States in World Affairs: 1962* (New York: Harper and Row, 1963), pp. 35–36; *ibid.*, 1963, pp. 39, 80–82; and *The New York Times*, April 25, October 16, November 3 and 8, 1963. Yugoslavia, said Senator J. William Fulbright in 1965, had become "more responsible and reliable in its attitude toward the United States than certain non-Communist Governments. . . ." Quoted in *The New York Times*, July 20, 1965.

The difficulties experienced by Ambassador Kennan and other officials of the Kennedy administration were an outgrowth of the process of grappling with a problem sometimes inherently productive of little more than frustration, public bewilderment and contradictory policies. This is the problem of providing United States foreign assistance to totalitarian or dictatorial governments abroad. By what logic, congressmen and members of the public ask, does the United States try to defeat communism in Western Europe or Southeast Asia and assist it in Yugoslavia and Poland? More broadly, how can the United States gain converts for its view that the cold war entails a confrontation between the forces of freedom and tyranny, while at the same time supplying aid to *any* dictatorship—whether behind the Iron Curtain, in Latin America, or in any other region?

These are legitimate, if extraordinarily complex questions. Gaining insight into them requires some understanding of the overall inhibitions limiting the ability of government officials to formulate and to follow consistent and effective policies; and it also demands awareness of certain unique complexities surrounding this particular issue.

First of all, it is clear that officials cannot formulate and apply policy *in vacuo*. Their milieu is not the ideal world, but the real

world—the world of imperfect human societies, of inconsistent behavior patterns, of partial results, of moral-ethical dichotomies, of mutually exclusive choices, and of wide gaps between plans and fulfillment. Policy-makers know (or quickly learn) the difference between articulating and achieving a goal that is dependent for its realization on the internal behavior of societies over whose conduct the United States has minimum control. They are constantly reminded that results in the sphere of foreign relations are almost always partial and that, in their application, foreign relations policies and programs may sometimes produce consequences diametrically opposite to those intended.

Foreign policy officials are also constantly reminded of the effective limits of American power. If Washington has experienced difficulty, for example, gaining compliance with the letter and spirit of civil rights legislation in the American North and South, what is its capacity to influence the nature and evolution of political systems in Cuba and the Dominican Republic, in Ghana and South Africa, in Indonesia and Red China? The American people, declared President Kennedy late in 1961, have to accept the reality

that the United States is neither omnipotent nor omniscient . . . that we cannot impose our will upon the other 94 per cent of mankind—that we cannot right every wrong and reverse every adversity—and that therefore there cannot be an American solution to every world problem.²

SOME SEMANTIC DIFFICULTIES

Before examining certain unique complexities surrounding the problem of aid to dictatorships, let us take note at the outset

² Quoted in Theodore C. Sorensen, *Kennedy* (New York: Harper and Row, 1965), p. 511.

³ Our conception of totalitarianism closely follows the model employed by Carl J. Friedrich, "The Unique Character of Totalitarianism Society," in Carl J. Friedrich, ed., *Totalitarianism* (New York: Grosset and Dunlap, 1954), pp. 52–53. For a discussion of the essential ambiguity of the concept see the essay by N. S. Timasheff, "Totalitarianism, Despotism, Dictatorships," in *ibid.*, pp. 39–40.

⁴ Hannah Arendt, *The Origins of Totalitarianism* (Cleveland: World Publishing Co., 1963), pp. 395–96.

of two problems of semantics. What, precisely, are "totalitarian" governments? And what do we mean by American "aid" to such regimes? Good definitions of totalitarianism abound, and often vary widely. Arbitrariness in definition is unavoidable; and any conception employed will perhaps fail to do justice both to the diversity inherent in the term and to the range of governments actually encountered in the world. Yet citizens and policy-makers alike will always be required to accept some criteria in defining a totalitarian system.

We shall regard a totalitarian government as an extreme type of oligarchy (rule by the few) or dictatorship. All oligarchies or dictatorships, it is clear, are not necessarily totalitarian. Normally, a totalitarian system is further distinguished by the presence of the following features: a Utopian political ideology whose goal is to "remake" society; a dominant single party, or movement, whose task is to lead the way to the projected Utopia: *total*, all-encompassing state authority, intruding into and regulating all important spheres of life; massive state regulation and perhaps ownership of economic enterprise; suppression of groups and institutions (such as churches, labor unions, and universities) competing with the regime for the loyalty of the citizen; suppression of free speech, free association, and other rights deemed integral to the concept of Western liberal democracy; a "police state" apparatus to assure mass and individual compliance with the regime's decrees; and often (although of course not always) an expansionist foreign policy, in which the *benefits* of the new order are "extended" to outsiders.³ Adolf Hitler's Germany, Benito Mussolini's Italy, Joseph Stalin's Russia, and more recently Fidel Castro's Cuba and Mao Tse-tung's China, exemplify "totalitarianism," as we have defined it.

Yet few governments can be regarded as embodying this concept perfectly. As Hannah Arendt has reminded us, most seemingly monolithic political systems are less so in practice than they often appear to the outsider.⁴ We shall, therefore, construe the con-

cept of totalitarianism broadly to include regimes *tending* in a totalitarian direction or exhibiting several of the features normally characteristic of such regimes. This seems advisable, since in practice American policy-makers are almost always concerned with borderline cases.

Account must also be taken of the wide range of possibilities encompassed by the term "foreign aid." United States aid may include gifts and grants; "soft" loans and "hard" loans; economic assistance, military aid, and technical advice; and, by some constructions, certain kinds of normally commercial transactions encouraged by the government, such as expanded private investment abroad or the sale of agricultural commodities to other countries. In practice, the question of *whether* to extend aid to Marxist or other countries governed by political elites can never really be decided without reference to the *kind* of aid contemplated. The United States, for example, might be willing to sell wheat to Russia, but unwilling to allow its NATO allies to provide long-range commercial credits to Iron Curtain countries for the purchase of industrial (strategic) goods. Washington might be receptive to Yugoslavia's request for limited economic assistance, but not to supplying modern jet aircraft to Tito's forces.

If the kind of foreign aid is significant, so are circumstances under which it is extended. Timing is often crucial. And, as the United States discovered when it revoked its tentative offer to assist Egypt in the construction of the Aswan High Dam in July, 1956, the prevailing context in which a decision about aid is made and announced can be decisive in determining the probable results.⁵

In this connection, one possible response when the United States receives requests for foreign aid—a response which may be, and often is, combined with one of the four basic

policy alternatives we shall consider below—is for American officials simply to do nothing for a period of time. A policy of watchful waiting or calculated indecision—usually accompanied by assurances from Washington that the matter is "under active consideration" or that "all aspects of the question are being carefully studied"—may sometimes be justified. During the early 1960's, for example, the United States hesitated for several months before finally deciding to extend aid to Ghana for construction of the vast Volta River project.⁶

Four basic alternatives are open to American policy-makers when they consider the question of providing assistance to oligarchical governments abroad. Each has certain advantages and certain disadvantages; each also nearly always involves ethical-moral ambiguities and requires selection among mutually exclusive objectives.

1. REFUSING TO AID DICTATORSHIPS

The first alternative is for the United States to *refuse* to extend foreign assistance to oligarchical governments, particularly those exhibiting totalitarian features. This course possesses the virtue of identifying the United States with a clear, unequivocal principle in the conduct of foreign relations: one which opposes oligarchical rule *wherever it is found and irrespective of its ideological coloration*, and one which will not allow use of United States resources to sustain such regimes.

Consistent adherence to this principle would strengthen the American contention that the cold war is fundamentally a contest between the forces of liberty and despotism. Consistent application of the principle also ought to make possible a substantial reduction in United States foreign aid commitments.

But the shortcomings of this policy must also be faced squarely. If followed uniformly—in full awareness that a majority of the world's governments are oligarchical, and most have some totalitarian characteristics—the United States would substantially cut itself off from sympathetic contact with most

⁵ The circumstances surrounding the issue of American aid for the Aswan High Dam, and the revocation of the aid offer, are discussed in Dwight D. Eisenhower, *Waging Peace* (Garden City, N.Y.: Doubleday and Co., 1965), pp. 20–58.

⁶ For more detailed discussion of the problem posed by Ghana's request for American assistance, see Sorensen, *op. cit.*, pp. 268, 533–38.

societies on the globe. United States refusal to help solve the pressing internal problems of societies ruled by political elites would virtually compel the governments concerned to turn to the Communist bloc for assistance. Most especially in a region like Latin America, and in other regions as well, the United States behavior would appear to prove what Marxist and other Yankeeophobic elements have contended for many years: that the United States has never really abandoned "interventionist" impulses, but is determined to dictate the choice of political systems to weaker societies.

The most crucial weakness of a policy refusing to assist any species of totalitarian government is that its net, long-range result might well be to foster the very conditions the United States seeks to avoid: the entrenchment of oligarchical regimes and the reduction or even elimination of any possibility that a more democratic political system might eventually emerge. Economic advancement and greater social stability do not of course lead inevitably to the emergence of democratic political institutions and ideologies. But if one of the United States long-term foreign policy goals is to contribute to the achievement of democracy abroad, the *sine qua non* for its attainment would seem to be relative economic and social stability, and at least limited progress in promoting human welfare, in other countries.

Consider again the case of Yugoslavia. However Americans may evaluate Tito's unique version of Marxism, few knowledge-

able observers believe that aggravating Yugoslavia's chronic economic problems is likely to make Tito's regime *more* democratic or incline it *more* favorably toward the United States. Postwar experience in West Europe, Greece, China, and other areas lends little support to the premise that progress toward democracy in foreign societies is likely to result from growing economic dislocation, rising social ferment, and pervasive human misery.

This realization lies at the heart of the Alliance for Progress which, declared Secretary of State Dean Rusk in 1965, sought to "change old ways so that each nation could *become politically more democratic*, economically more developed, and socially more just." Or, as Congress declared when it passed President Harry S. Truman's Point Four Program in 1950, United States aid sought to further "the secure *growth* of democratic ways of life" overseas.⁷ No assurance existed that the extension of United States aid would lead directly to greater democracy in any foreign society; what did appear certain was that, without American and other outside assistance, many foreign societies had virtually no prospect of evolving in the direction of democracy.

2. DIFFERENTIATING AMONG OLIGARCHIES

A second alternative open to American officials is to recognize an inescapable reality about oligarchical regimes. This is that great diversity prevails even among totalitarian systems; as we have seen, totalitarianism is difficult to define. Only a handful of governments in recent history fall unequivocally into this category. One student of Latin American affairs, for example, has differentiated six varieties of political relationships existing among the American republics, in which military elements tend to play an influential political role. These range from the *caudillo*, or "strong man", regimes traditionally prevalent throughout the hemisphere, to systems in which military leaders set policy limits within which civilian officials are required to operate as in Argentina under

⁷ Secretary of State Dean Rusk, "The Alliance for Progress: A Partnership of Mutual Help," *Department of State Bulletin*, LIII (July 5, 1965), 2; and the text of the Foreign Economic Assistance Act of 1950, as reproduced by the Department of State in *American Foreign Policy: 1950-1955* (Washington: Government Printing Office, 1957), II, 3047. Italics inserted in both quotations. A recent report on foreign aid by Republican members of the House of Representatives declared that if America did not respond to the "revolution of rising expectations" abroad, and seek to "guide that revolution in a peaceful course toward political stability and economic prosperity," then ultimately the United States would have to choose between facing "wars of national liberation everywhere or an illusory isolation in a world where the cause of freedom seems doomed to failure." See the excerpts from the report in *The New York Times*, March 16, 1966.

Arturo Frondizi (1958-1962), to settings where the military's role is "professional and apolitical", as in present-day Uruguay.⁸ Another student of totalitarianism has emphasized two salient facts. Our understanding of such systems even now is far from complete, and as a group "they have undergone and continue to undergo a steady evolution."⁹

Several criteria might be employed for differentiating among species of oligarchical governments. One was identified by a State Department official when he said that America's adherence to the concept of self-determination "contemplates our acceptance of free choice by African governments of their own form of government and society, so long as they provide government by the consent of the governed and do not injure others. . . ."¹⁰ Similarly, Secretary of State John Foster Dulles declared during the period of the Hungarian revolt in 1956 that the United States did not expect the nations of East Europe to abandon Communist systems; it expected only that they terminate their dependence upon the U.S.S.R.¹¹ The history and ideological heritage of the United States

dictate that it acknowledge the right of other societies to choose their own political systems, not excluding oligarchical systems. Whatever its precise character, any regime ruling by the "consent of the governed" can be legitimately differentiated from one which patently is not.

Other yardsticks may be utilized to discriminate among oligarchical systems. Since World War II, policy-makers have often distinguished between Marxist and non-Marxist governments. No policy is ever adhered to with perfect consistency. Soviet Russia and its European satellites, it must be recalled, were invited to participate in the Marshall Plan in 1947. Their exclusion was the result of a decision made in Moscow, not Washington.¹² Nevertheless, as a rule, Communist-dominated countries have been ineligible for American foreign assistance, while such aid has been extended generously to Spain, Liberia, Egypt, Saudi Arabia, Taiwan, and most personal dictatorships and military-dominated regimes in Latin America.

The existence of the cold war has made the distinction between Communist-controlled and other oligarchies natural and perhaps unavoidable. No nation willingly aids its enemies. At the same time, the policy of refusing aid to Marxist governments and assisting nearly all non-Marxist governments has sometimes seriously impaired American influence in global affairs and jeopardized attainment of the democratic ideal. For the inference widely drawn from the policy is that only oligarchies directly infringing upon American diplomatic interests are anathema to the United States, and that it has no quarrel *per se* with totalitarianism.¹³ Moreover, as "polycentric" tendencies prevail in East Europe, and as the Sino-Soviet dispute shatters Marxist unity, realism requires that American foreign policy take account of the significant differences found among Communist regimes themselves.

3. A HANDSHAKE FOR DICTATORS

Informed observers have recommended that, in its relations with political oligarchies throughout Latin America, the United States

⁸ K. H. Silvert, "Political Change in Latin America," in Herbert L. Mathews, ed., *The United States and Latin America* (Englewood Cliffs, N.J.: Prentice-Hall, 1963, 2nd ed.), p. 74.

⁹ Carl J. Friedrich, "The Unique Character of Totalitarianism Society," *op. cit.*, p. 47.

¹⁰ G. Mennen Williams, "United States Policy in Africa," *Department of State Bulletin*, LII (April 12, 1965), 544.

¹¹ Eisenhower, *op. cit.*, p. 70.

¹² See the statement by U. S. Ambassador Warren Austin dealing with Russia's reaction to the Marshall Plan, in Senate Foreign Relations Committee, *A Decade of American Foreign Policy: Basic Documents*. 81st Congress, 1st Session (Washington: Government Printing Office, 1950), p. 946.

¹³ The late American Ambassador to the United Nations, Adlai Stevenson, asked shortly before his death: "How can we be sure that unlimited support of any authoritarian anti-Communist government may not merely hasten the day when their citizens become Communists as the only means to change?" See Adlai E. Stevenson "Partnership in World Affairs," *Department of State Bulletin*, LIII (July 19, 1965), 125. See also the views of a well-informed commentator on Southeast Asian affairs, who believes that the decline of American influence in that region can be traced in part to Washington's employment of "anti-Communism as a decisive credential" in its support to existing governments. Brian Crozier, *South-East Asia in Turmoil* (Baltimore: Penguin Books, 1965), p. 91.

ought to be guided by a simple principle: extending a handshake to dictatorships, while reserving a cordial embrace for defenders of democracy. In practice, the policy of the handshake contemplates the preservation of diplomatically correct relations with non-democratic governments, the absence of overt sanctions or other coercive measures expressing Washington's distaste for oligarchy, and the extension of limited American assistance under programs such as the Alliance for Progress, which promote economic modernization and progress.

This policy has much to recommend it, globally as well as regionally. It demonstrates to the outside world that the United States adheres to the principle of nonintervention in the political affairs of other nations.¹⁴ At the same time, it expresses the United States enduring commitment to the democratic ideal. It escapes the implication—seriously impeding the effectiveness of American foreign policy in some settings—that the United States assesses the political character of other governments pragmatically, depending upon how useful such governments are in advancing American cold war objectives. It also avoids what is sometimes an extremely difficult and subjective calculation: differentiating clearly, according to a defensible principle, among the manifold varieties of oligarchies and then formulating policies based upon these delineations.

Yet like all other policy alternatives, the policy of the handshake has liabilities. By dividing the world into "dictatorships" and "democracies," United States policy would rest on some simplistic and questionable assumptions about the nature of modern government. With the emergence of the Afro-Asian nations especially, traditional distinctions between dictatorship and democracy—or, for that matter, earlier conceptions of

what democracy itself necessarily involved—have become tenuous and often indefensible. If African democracy, for example, differs in a number of fundamental respects from Western models, it also tends to incorporate certain features and long-range goals fully compatible with American, French or Scandinavian versions.

Perhaps the most misleading and diplomatically troublesome presupposition underlying this policy is the assumption that American or, more generally, Western diplomatic interests are affected equally by all oligarchical political systems. Put differently, the policy of the handshake rests upon the highly questionable idea that the most significant consideration affecting the United States relations with other governments is the character of the latter's political institutions and processes. Any informed student of international affairs recognizes the inadequacy of this assumption. Viewed from the narrow vantage point of the United States' own interests, or the wider perspective of international peace and security, the conduct of the Soviet Union and of Spain, or of Red China and Burma, or of Paraguay and Cuba, are fundamentally different. The American people may not approve any dictatorship; but there are also important degrees of public and official opposition, depending upon the behavior of particular foreign oligarchies and upon the prevailing context of international events.

This fact was forcefully highlighted by President Franklin D. Roosevelt's decision to extend Lend-Lease assistance to Stalinist Russia, after it was attacked by Hitler's Third Reich on June 22, 1941. For the United States, the President said, neither the Nazi nor Communist "imposed overlordship" was acceptable. But the "immediate issue" was whether Hitler's plans for "universal conquest, for the cruel and brutal enslavement of all peoples" and for the "destruction of the remaining free democracies" could be tolerated. Under the circumstances prevailing, America proposed to aid "any rallying of the forces opposing Hitlerism, from whatever source these forces may spring," as a vital contribu-

¹⁴ Explaining American policy in Vietnam, early in 1966 President Johnson declared: "Washington will not impose upon the people of South Vietnam a Government not of their choice. Hanoi shall not impose upon the people of South Vietnam a Government not of their choice. . . . We stand for self-determination—for free elections—and we will honor their results." See the text of the President's address in *The New York Times*, February 24, 1966.

tion to "our own defense and security."¹⁵

4. INDISCRIMINATE AID TO DICTATORS

A fourth alternative available to American policy-makers is to disregard the internal political character of governments seeking assistance from the United States. If the request for aid is denied in Washington, it could be turned down on some ground other than the nature of the political system involved. This approach carries even further the traditional American principle of non-interventionism, by demonstrating unambiguously that the United States has no interest in prescribing foreign ideologies or forms of government. It avoids the accusation that the United States favors or is willing to support non-Communist dictatorships or that its policy toward political oligarchies is ultimately dictated by considerations of cold war expediency. Moreover, by seeking to preserve cooperative relations with democratic and oligarchical governments alike, the United States retains at least a limited opportunity to strengthen the former and to encourage the latter to undertake economic, social, and (perhaps as a final stage) political modernization.

This approach also reflects three basic realities that have become abundantly clear on the basis of postwar experience. Foreign societies are likely to evolve forms of government suited to their own genius and needs; these political systems can often be expected to differ fundamentally from those prevailing either in the West or in the Communist bloc; in the vast majority of cases, United States influence will prove marginal in determining the political evolution of societies abroad.

With the other alternatives we have analyzed, this approach also entails several disadvantages and involves certain calculated risks. It tends to obscure and becloud the ideological issues at stake in the cold war. As

recurrent congressional uneasiness over aiding Yugoslavia and Poland indicates, the rationale of the policy is not always easy to communicate persuasively to the public. Adoption of this approach might also tend to expand United States foreign aid commitments, at a time when the emphasis is upon greater *selectivity* in extending assistance to other countries.

The most crucial weakness of this policy, however, is illustrated by a number of episodes in the postwar period. This is that the United States may exercise little or no effective control over how its assistance is ultimately utilized by oligarchical regimes. As in the cases of Nationalist China and South Vietnam, American aid may be squandered, find its way into black markets, or merely swell the foreign bank accounts of self-serving governmental officials. In the end, the result may be a popular revulsion against the United States and the regime it has supported.

A related and perhaps even more serious danger is that American assistance may allow dominant political elites to divert funds which might normally be used for internal development, or other worthwhile purposes, for "prestige" projects having dubious economic value. In some instances, American resources may be utilized to support undertakings abroad directly inimical to the free world's diplomatic interests. Has recent United States aid to Egypt, for example, merely enabled Cairo to use its own resources for inter-

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Cecil V. Crabb, Jr. has taught international relations and American foreign policy at Vassar since 1952. He is the author of *Bipartisan Foreign Policy: Myth or Reality?* (New York: Harper & Row, 1957), *American Foreign Policy in the Nuclear Age* (2nd ed.; New York: Harper & Row, 1965) and *The Elephants and the Grass: A Study in Non-Alignment* (New York: Praeger, 1965). He recently served as editor for a special study on nonalignment in the November, 1965, issue of *The Annals of the American Academy of Political and Social Science*.

¹⁵ Cited in Raymond H. Dawson, *The Decision to Aid Russia, 1941* (Chapel Hill: University of North Carolina Press, 1959), pp. 118-19, 288-89. This study contains many other statements by Roosevelt and other leaders, explaining the rationale of American policy in providing a total of some \$9.5 billion in Lend-Lease assistance to Russia during World War II.

As this historian evaluates the situation "... foreign aid, military or otherwise, can never guarantee political or military stability;" it "does not touch the vital issues of war and peace."

The Limits of Military Aid

By NORMAN A. GRAEBNER
Professor of History, University of Illinois

SECRETARY OF STATE DEAN RUSK recently defined the central purpose of United States foreign policy: "In political terms, we seek a peaceful world of independent nations, each free to choose its own institutions so long as it does not threaten the freedom of others, and all free to cooperate in the welfare of mankind." In this phraseology there is nothing unique; for 15 years United States officials have stated it with slight variation. That such notions establish an American interest in the global *status quo* appears acceptable enough, for within the context of the cold war the nation's security will permit no less.

The reason is clear. Since mid-century, United States foreign policy has assumed the existence of one or more power centers on the globe which intend to undermine the independence of nations in pursuit of universal ambitions. Protecting the political *status quo* against even such enemies, however, has never demanded a completely universal response. Fundamentally, United States policies have looked to the defense of those specific states whose political and territorial integrity appear to be directly challenged by the Soviet Union or its alleged agents or satellites. In its endeavor to sustain a worldwide environment of maximum security the United States has had neither the capacity nor the desire to carry the burden alone. After mid-century, military aid evolved into the cheapest, most logical, and most promising

means through which the United States might encourage people and governments to defend themselves against Soviet-inspired aggression or subversion. Merely by sustaining their non-Communist governments such recipient countries would limit the power and influence of "world communism" in its crusade to conquer the globe.

In establishing the Marshall Plan and in underwriting NATO after 1948, the American people, as a nation, accepted the notion that the United States could not escape its historical role as the leading guarantor of the old balance of power against the danger of a Soviet-dominated Europe. Americans had learned in their recent experience that the only sure means of avoiding another major European war was to prevent it from beginning. If it were true that United States security demanded both the defense of western Europe and the prevention of a general war, the successful "containment" of Soviet expansion toward the West seemed sufficient to achieve both objectives.

For two reasons the United States directed its defense effort toward the stabilization of a divided Europe. First, Soviet expansionism appeared to be directed at what remained of the continent. Second, by economic and political tradition, the European democracies were capable of transforming American aid into rapid and effective containment. Thus United States officials initially formulated the rationale for military aid with respect to

Europe. The Mutual Security Act of 1951 implied that future expenditures for mutual defense would be used primarily to expand Europe's base of military production. So effective was the United States defense effort in Europe that by 1953 American and allied leaders could agree that West Europe had achieved a reasonable security, and could henceforth substitute a long-term defense program for the crash program of the early 1950's.

Even as Europe regained her economic and political stability, the nation's primary defense targets shifted to the Far East. The fall of Chiang Kai-shek in 1949, followed by the North Korean invasion of South Korea in June, 1950, and the continuing decline of French fortunes in Indochina prompted an unprecedented note of urgency in official American rhetoric. Before the summer of 1951 the United States had rationalized completely the need for a broad defense policy in the Orient. The United States then accepted officially the doctrine that the Soviet Union had gained control of 450 million Chinese in its campaign to conquer the world and had dispatched its North Korean and Indochinese satellites against the last outposts of Western influence in Asia.

Whether this was even then a true analysis of events is doubtful, but the notion that every Communist leader of Asia was a Soviet agent and that every Communist gain was a victory for the U.S.S.R. automatically forced the nation to extend the policy of the *status quo* to the turbulent and changing subcontinents. To meet this new Soviet challenge, the United States in 1951 negotiated its alliances with the Philippines, with Australia and New Zealand, and finally with Japan. In 1953, it added South Korea to its defense system, and finally with the formation of the Southeast Asia Treaty Organization in 1954 it extended the American military commitment into Southeast Asia. Thereafter the Far East received top priority for United States military aid. By 1956 the United States had spent \$16 billion in its effort to encourage other nations to build and maintain adequate defense structures.

In essence, military aid and alliances became the means of bringing much of Asia into the cold war for the purpose of building centers of opposition to the Soviet bloc. The design was clear. Defense support for the new states of Asia and the Middle East would maximize that region's political stability. But unfortunately the American tendency to regard all pressures against the *status quo* in Asia as Communist-inspired and thus a threat to United States security quickly involved the nation in situations that had little relationship to its vital interests and that could, in the long run, demand of it an exorbitant price.

MILITARY AID AND THE ASIAN ALLIES

Outside of Europe United States military aid bought little defense. If the alliance with Japan was sound, it was not easy to discover much benefit for the United States in either the Southeast Asian (SEATO) or Middle Eastern (CENTO) alliance systems. These alliances were based on common interests in opposing any future attacks from members of the Soviet bloc. Some allied leaders in Asia, however, believed the danger of aggression was so remote as to be almost non-existent. The important SEATO pact required nothing of its Asian or European members—no common objective, policy, or action—beyond an avowed opposition to communism at home and abroad. Yet Asian members regarded membership in SEATO as constituting a special claim upon the United States treasury, weapons and political support. At no time could the allies agree in their attitudes toward mainland China. The prime minister of one SEATO member went as far as to equate his country's membership in the alliance with membership in the United Nations. Yet for the United States this pact was a major commitment, requiring specific policies and actions in behalf of the Asian members.

How such an alliance could contribute anything positive to American or Asian defense or how its members could take concerted action of any kind was not apparent. Much of the military equipment lay useless, wasted. Several armies created by United States military aid were simply too large for the size of the

population or the wealth of the region. This was most obvious in South Korea and Formosa, but even in Vietnam President Ngo Dinh Diem declared repeatedly in the late 1950's that the money spent on his army could better have gone into programs of land reform. With all its military aid, the United States never succeeded in creating a single military structure in Asia capable of filling the role for which it was intended.

Seldom did the motives of those receiving military aid coincide with the purpose of the United States in extending it. In its indiscriminate search for allies, the United States often supported governments composed of marginal factions which, while avowing the appropriate firm faith in anticommunism, could maintain their control within their nations only with the ample use of the military equipment received through the alliance. Those who opposed such governments too often had no choice but to gravitate toward the extreme left, for only the extremes, with their dictatorial methods, could organize effective military forces. Moderates, unable to gather power, were generally crushed or driven into exile. This pattern of political evolution managed to identify the United States with the extreme right and, rightly or wrongly, created the conviction that this nation, as the chief bulwark of the *status quo*, was really not concerned with self-determination.

SEATO offended the neutral nations of South and Southeast Asia, such as India, Ceylon, Burma and Indonesia, who believed that the alliance was a needless source of tension and refused to join it. What disturbed them, moreover, was the strength which accrued to a member of an alliance relative to its neighbors who were generally not Communist-led at all. Such injured nations accused the United States of undermining power balances in areas that were not its proper concern. India complained throughout the 1950's that United States military aid to Pakistan, a member of SEATO, strengthened that country's diplomatic position in the Kashmir dispute. Similarly, the Arab states of the Middle East regarded all aid to Israel

as an effort of the United States to assure Israel's success in its dealings with the Arab world. For many Asians, moreover, social and economic reforms were far more significant and legitimate objectives of government than fighting Communists. Convinced that the quarrel between nationalists and Communists in Asia was limited largely to method, not purpose, they could hardly view whatever Communist leadership existed in any country of Asia as part and parcel of a global conspiracy. Too often, they feared, the inflated military establishments undermined Asian independence by making the receiving governments too dependent on the United States.

THE PROBLEM OF ENDS AND MEANS

Military aid, as a fundamental aspect of American defense policy, carried with it much of the intellectual burden of United States policies in Asia generally. It was inescapable that the need and expectation assigned to military aid would reflect the problem of ends and means which characterized American policy elsewhere. When defending any military aid request before congressional committees, Washington officials never failed to stress the magnitude of the danger confronting the United States in Asia. General Lyman L. Lemnitzer, then chairman of the Joint Chiefs of Staff, declared before the House Foreign Affairs Committee in March, 1962, that dollar for dollar the \$1.5 billion requested for military aid was as important as the \$51 billion requested for the armed forces of the United States.

Then followed the general's essential appeal, stressing the ends of policy:

There can be no question but that the military strength of the Communist powers is steadily increasing—no question but that the Communists remain committed to their goal of world domination—no question but that they are using every resource and every tactic, on a global scale, to subjugate and control people now free and extend the influence of communism.

Similarly President John F. Kennedy, at a news conference in August, 1963, emphasized the importance of military aid to the security of the free world.

It gives protection [he said] against Communist internal takeover to free people who are not yet able to build solidly without outside help. It provides essential assurances to the new nations of the world that they can count on us in their effort to build a free society. [Countries along the Soviet border, he continued] . . . depend on the United States to assist them in maintaining their freedom.

Economic assistance had its own justification, but to employ it as a universal remedy proved to be as hopeless politically as it was disreputable intellectually. Washington officials justified their requests for mutual assistance funds each year with arguments that had little basis in fact. In his appeal to Congress in 1963, for example, President Kennedy claimed unlimited success for the American mutual defense system in the Far East which, he said, "enabled threatened people to remain free and independent, when they otherwise would have either been overrun by aggressive Communist power or fallen victim of utter chaos, poverty and despair."

Such massive claims made for military aid and for the alliances which it underwrote attributed to these policies the successful continuance of the *status quo* along the entire periphery of Russia and China. No matter how grave the danger, as defined by the theory of global conflict, the means were always present to meet it. General Lemnitzer thus could assure the Congress that the nation would face the future with confidence if "we remain united and keep up the military aid program." Similarly, Defense Secretary Robert S. McNamara, referring to the strength and purpose of the Southeast Asia treaty powers, predicted confidently in March, 1962, that these nations comprised "a very active and effective alliance willing to commit combat forces for any operational plan." For that reason, continued the Secretary, the United States was "in Laos and South Viet Nam only . . . to train local troops and provide logistical support—not to commit troops for combat." Accepting the assurances of the previous administration, voiced so frequently by Secretary of State John Foster Dulles, McNamara would sustain the *status quo* in Southeast Asia, whatever the magnitude of the danger,

achieving his objective with military aid, not with American ground forces.

Those who doubted that the declared American objectives in containing an aggressive Communist bloc on all Asian fronts with means no more costly or sophisticated than military aid questioned both the challenge and the response. Retired Brigadier General Bonner Fellers charged the Kennedy administration in September, 1963, with overestimating the danger in Asia merely to rationalize the continuation of its military aid program. "No one knows," said Fellers, "whether or not the Kremlin dictators have aggressive intent against the free states along the borders of the Soviet Union. However," he continued, "should Red forces attack these free areas, our military assistance could not hamper perceptibly a rapid Soviet invasion and takeover."

Even while United States officials claimed phenomenal success for United States military aid in Southeast Asia, events in that region indicated that the defense structures in existence were scarcely sufficient in many important instances to protect the allied governments from their internal enemies, much less against open Communist aggression emanating from either Russia or China. Despite a half billion dollars in military aid to Laos, the American-backed army had not won a battle against the left-wing Pathet Lao. It had not even fought a battle. The army of the Philippines, despite ample United States military aid, was scarcely able to maintain order on some islands of the archipelago, much less to send effective fighting units to meet "the forces of aggression" elsewhere.

Thailand, as the key nation in the SEATO defense structure, had also received enormous quantities of military assistance. Yet it seemed clear to Louisiana Senator Allen J. Ellender, during his visit to Southeast Asia in 1961, that the United States had gained little in the region for its defense effort.

Whereas the leaders of southeast Asia [he reported] are not asking directly for assistance by way of American forces, they seem to expect it. I doubt that Thailand would be willing to send its soldiers into Laos if the worst were to come and yet, it is argued that if Laos falls, it will be

in grave danger. The implications are strong that we should use our boys to maintain the independence of Laos so that other countries in southeast Asia will not be engulfed by communism.

In 1962, Thailand called upon the United States to defend its borders, not against an invasion of the Chinese or the North Vietnamese, but against a few members of the Pathet Lao who strayed across the border into Thailand in pursuit of their fleeing right-wing opponents.

Even in South Vietnam, it was apparent that the American-trained and equipped armies of Ngo Dinh Diem could not defend, by military means, his country's political structure against its internal enemies. Nowhere in Southeast Asia, in short, was there a military force capable of defending the region against whatever pressures had to be met.

It was obvious that the United States would, in time, accept political changes in defiance of its oft-stated will, or it would commit its own forces to battle. Whatever the rhetoric which underwrote the nation's military aid policies, the gap between the purpose of the United States in maintaining the *status quo* of Southeast Asia and the determination to avoid another ground war on Asian soil would not be closed by reliance on either military aid or Asian alliances.

Occasionally Washington officials, when responding to conditions in Asia which they could not control, admitted the limited efficacy of military aid. Explaining the American failure in China, Secretary of State Dean Acheson, in June, 1951, reminded his congressional listeners that:

American aid cannot in itself insure the survival of a recipient government or the survival of a people that this government is trying to help against aggression. What our aid must do and can do is to supplement the efforts of that recipient government and of that people itself. It cannot be a substitute for those efforts. . . . The United States Government, in aiding another government, does not have power of decision within that country or within that government. That power of decision remains with the government, the people in it.

Similarly President Kennedy, recognizing the

confusion occasioned by the rioting Buddhists in Saigon in September, 1963, stressed the limits of American influence and control in the affairs of South Vietnam. In the final analysis, he said:

it is their war. They are the ones who have to win or lose it. We can help them, we can give them equipment, we can send our men out there as advisors, but they have to win it, the people of Viet-Nam, against the Communists.

THE CHANGING EMPHASIS

Despite the high hopes placed in them, economic and military aid did not succeed in achieving their goals of economic growth, political stability, self-determination, and peaceful change. Perhaps the reason is clear. Processes of modernization, when applied on a massive scale, are always disruptive of established economic, social and political relationships. In even the most backward regions of Asia and Africa the traditions of society are tough and resistant to change. Those traditions, whatever the impediments they create for economic progress and political democracy, developed slowly and created their own standards and balances which permitted the people to live in peace and in some measure of contentment.

Often the very process of applying aid is self-defeating. For the injection of external elements of power into an established society must create massive social and political dislocations, permitting the recipients of the new sources of power to achieve strange and often artificial positions of authority. Thereafter such beneficiaries of foreign largesse possess a vested interest in its perpetuation,

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Norman Graebner's primary interest is American foreign policy. He delivered a lecture series at the University of London in 1958 and at Louisiana State University in 1962. During 1963 he served as Fulbright Lecturer at the University of Queensland in Australia. His latest book is *Ideas and Diplomacy* (New York: Oxford University Press, 1964).

CURRENT DOCUMENTS

The Foreign Assistance Program

On February 1, 1966, President Lyndon Johnson presented his Foreign Assistance Program to the Congress. In his message, he recommended that United States aid go to those countries willing and ready to help themselves. Excerpts from his message follow:

I recommend a foreign aid program to help those nations who are determined to help themselves.

I recommend a program to help give the people of the less-developed world the food, the health, the skills and education—and the strength—to lead their nations to self-sufficient lives of plenty and freedom.

I propose to carry forward the best of what we are now doing in the less-developed world, and cut out the worst. I also propose to make the basic changes the times demand.

My recommendations are grounded in the deep conviction that we must use foreign assistance to attack the root causes of poverty. We must concentrate on countries not hostile to us that give solid evidence that they are determined to help themselves.

This is the lesson of the past. It is the hope for the future. It is the guiding principle for a nation ready and willing to cooperate with the industrious, but unwilling to subsidize those who do not assume responsibility for their own fate. . . .

Thus, the steps I recommend today have been developed in the light of advice from senior officials in the Executive branch, Congressional leaders, and experienced advisors from outside Government. They also have been developed with full recognition of our balance of payments situation.

They emerge from a rigorous examination of our past experience.

They are informed by compassion and shaped by the history of two decades.

They are the proof of our devotion to the works of peace.

They reflect our vision of a world free from fear and ripe with opportunity.

They will shape the legacy we leave our children. . . .

I

Today the citizens of many developing nations walk in the shadow of misery:

¶Half the adults have never been to school.

¶Over half the people are hungry or malnourished.

¶Food production per person is falling.

¶At present rates of growth, population will double before the year 2000.

These are the dominant facts of our age. . . .

Our response must be bold and daring. It must go to the root causes of misery and unrest. It must build a firm foundation for progress, security and peace.

II

Although we recognize the shortsightedness of isolation, we do not embrace the equally futile prospect of total and endless dependence. . . .

For the essence of economic development is work—hard, unremitting, often thankless work. Most of it must be done by the people whose futures and whose children's futures are directly at stake. Only these people and their leaders can:

¶Invest every possible resource in improved farming techniques, in school and hospital construction and in critical industry.

¶Make the land reforms, tax changes, and other basic adjustments necessary to transform their societies.

¶Face the population problem squarely and realistically.

¶Create the climate which will attract foreign investment, and keep local money at home.

These are just a few of the steps on the road to modernization. They are far from easy. We would do well to remember how difficult many of them were for us. But they are absolutely necessary. Without them, outside help is wasted. Neither we nor they can afford waste, and we will not continue any partnership in which only we recognize that fact. . . .

III

In this spirit of cooperation, I propose that the United States offer to join in new attacks upon the

root causes of world poverty. . . . We cannot meet the world food needs of the future, however willing we are to share our abundance. Nor would it serve the common interest if we could.

The solution is clear: an all-out effort to enable the developing countries to supply their own food needs, through their own production or through improved capacity to buy in the world market. . . .

To combat ignorance, I am proposing a major new effort in international education. I propose a 50 per cent increase in AID education activities to a total of more than \$200 million. . . .

To fight disease, I will shortly propose an international health act which will provide for extensive new programs at home and abroad.

I will propose a two-thirds increase in FY 1967 in AID support of health programs, to a total of more than \$150 million. . . .

I also propose to provide nearly \$150 million in Food for Work programs, and more than \$100 million in contributions to international organizations to further support the war on hunger, ignorance and disease.

IV

We stand ready to help developing countries deal with the population problem.

The United States cannot and should not force any country to adopt any particular approach to this problem. It is first a matter of individual and national conscience, in which we will not interfere.

But population growth now consumes about two-thirds of economic growth in the less-developed world. As death rates are steadily driven down, the individual miracle of birth becomes a collective tragedy of want.

In all cases, our help will be given only upon request, and only to finance advisers, training, transportation, educational equipment, and local currency needs.

Population policy remains a question for each family and each nation to decide. But we must be prepared to help when decisions are made. . . .

VII

We will expand our efforts to encourage private initiative and enterprise in developing countries. We have received very useful advice and guidance from the report of the distinguished Advisory Committee on Private Enterprise in Foreign Aid. Many of the recommendations of that report are now being put into effect.

We will review frankly and constructively with cooperating countries the obstacles to domestic and foreign private investment. We will continue to support:

- ¶elimination of inefficient controls.
- ¶formation of cooperatives.
- ¶training of labor and business leaders.

¶credit facilities and advisory services for small and medium-sized farms and businesses.

The United States Government can do only a small part of the job of helping and encouraging businessmen abroad. We must rely more and more on the great reservoirs of knowledge and experience in our business and professional communities. These groups have already provided invaluable service and advice. . . .

IX

I am requesting a total appropriation of \$2.469 million in FY 1967 to finance programs of economic cooperation. . . . I will not hesitate to request a supplemental appropriation if a clear need develops.

Aid to Vietnam: The largest single portion of my request—\$550 million in Supporting Assistance—is to support our effort in Vietnam. . . .

Other Supporting Assistance: The remainder of my request—\$197 million—is for aid to countries whose security is directly threatened. This is concentrated in programs for Laos, Korea and Thailand.

Alliance for Progress: I am requesting a total of \$543 million . . . for the countries . . . in the Alliance for Progress.

Development Loans: Nine-tenths of the \$665 million requested for this account is for five countries—India, Pakistan, Turkey, Korea and Nigeria.

Technical Cooperation: This request—\$231 million—will finance American advisors and teachers. . . .

Contributions to International Organizations: . . . \$140 million for these contributions. . . .

Other: The remaining \$142 million . . . is distributed among the Contingency Fund, AID administrative expenses, and support of American schools and hospitals abroad. . . .

XI

I am requesting new obligational authority of \$917 million for military assistance in fiscal year 1967. . . .

[This] request . . . does not include funds for support of South Vietnamese and other allied forces who are engaged in the crucial struggle for freedom in that country. Financing for this effort will come directly from Department of Defense appropriations.

XII

We cannot make a [new] world in one message, in one appropriation or in one year. But we can work to do this with this appropriation in this year. And we must continue to build on the work of past years and begin to erase disease and hunger and ignorance from the face of the earth. . . .

BOOK REVIEWS

ON FOREIGN AID

BREAD FROM STONES: FIFTY YEARS OF TECHNICAL ASSISTANCE.

EDITED BY JOHN S. BADEAU AND GEORGINNA G. STEVENS. (Englewood Cliffs, N.J.: Prentice-Hall, 1966. 133 pages, \$1.50 paper, \$3.00 cloth.)

Twelve brief chapters review the accomplishments of the Near East Foundation in providing technical assistance in rural areas overseas. Three chapters discuss the philosophy, history, and successes of the Foundation, followed by seven case studies (5 countries and 2 functions) and by two chapters setting forth lessons and future prospects.

The book singles out many advantages of private organizations in dispensing assistance; the most important are freedom from "politics," continuity of programs with the ensuing competence of specialists, and closer face-to-face contacts.

The Foundation's *modus operandi* is similar to that of the Swiss government's technical assistance program: to establish a small pilot project and demonstrate, not merely advise on, the advantages of new methods, and simultaneously to train indigenous leadership to take over when foreign specialists are withdrawn. Mistakes are thus confined to small areas and tolerable, and activities can be expanded if they are successful and enroll the active participation of the populations concerned. The specialist should bear in mind constantly that "no country or people has a monopoly on discovery, invention, or utilization of scientific information." The lessons learned deserve serious consideration by anyone concerned with foreign assistance. But the rather superficial treatment of technical assistance problems may disappoint many readers.

Walter A. E. Skurnik
University of Colorado

SOCIAL CHANGE: THE COLONIAL SITUATION. EDITED BY IMMANUEL WALLERSTEIN. (New York: Wiley, 1966. 674 pages, \$9.50.)

A collection of previously written essays on various aspects of social change induced by the colonial interlude in developing nations. The specific topics covered include theoretical approaches to the colonial "situation," labor migration, urban ethnicity, changes in traditional authority and in religions, the new urban associations and the new class structure, nationalist movements, and the impact of colonialism on the rewriting of history.

The presentation is comparative: 24 of the essays are on black Africa, 12 on Asia, 3 on North Africa and the Middle East, one on Australia, and four of a general nature. Dr. Wallerstein believes that the proper arena for the study of social change is the colony rather than its subdivisions; the new social structures are and remain "nationwide." The theme running through most of the book is that colonial administrations set into motion forces which eventually brought about their downfall. This is a valuable reference work for anyone seriously interested in developing nations.

W. S.

AMERICAN AID AND INDIA'S ECONOMIC DEVELOPMENT. BY S. CHANDRASEKHAR. (New York: Frederick A. Praeger, 1966. 243 pages, \$6.50.)

The title indicates clearly what this book is about. It begins with a short outline of the features of the Indian economy and follows with a discussion of the objectives of foreign aid from the standpoint of the receiving and donor countries. Then come chapters on American aid to India in the round, to agriculture, to industry, to health, to education, to industrialization, to transportation. In the closing chapter, the de-

tails recede as attention is focused on the effects upon the Indian economy as a whole.

If one is seeking the rupee or dollar amounts of aid, carefully categorized and chronologically set forth, this work will be useful. But if the reader's interest lies in issues such as the interplay of our aid and the Indian economy, or how it operates in a specific project, this study can tell him little of substance.

Ralph J. Chances
Bates College

FROM MARSHALL AID TO ATLANTIC PARTNERSHIP. BY ERNST H. VAN DER BEUGEL. New York: Elsevier Publishing Company, 1966. 414 pages, bibliography and index, \$9.75.)

This study of American policy with regard to West Europe is primarily concerned with United States support for European unity, but much information on United States aid programs is included. Ernst van der Beugel, a Dutch diplomat who took part in many of the events he describes, traces the background of American policy, analyzes the Marshall Plan, and discusses the problems of European integration and the newer concept of Atlantic partnership. Those interested in foreign aid policies will find valuable material in this clearly-written study of United States-European relations after World War II.

T. M. B.

THE ECONOMIC DEVELOPMENT OF SOUTHEAST ASIA—STUDIES IN ECONOMIC HISTORY AND POLITICAL ECONOMY. EDITED BY C. D. COWAN. (New York: Frederick A. Praeger, 1965. 185 pages and index, \$8.50.)

The title of this book is somewhat misleading. Eight contributors discuss highly specialized topics dealing essentially with the development of Malaya (three essays) and the British commercial presence in Southeast Asia (two essays). Six of the pieces evaluate data having reference to the

pre-World War II period and two of the items analyze, respectively, Thailand's rice trade and Indonesia's export patterns before 1918. Other countries and other problems in the region of real importance to the peoples of the Indochina successor states, Burma and the Philippines, are barely mentioned in the text.

René Peritz
Indiana State University

HISTORY AND POLITICS

A THOUSAND DAYS. JOHN F. KENNEDY IN THE WHITE HOUSE. BY ARTHUR M. SCHLESINGER, JR., (Boston: Houghton-Mifflin, 1965. 1031 pages and index, \$9.00.)

A scholarly, detailed account of the administration of John F. Kennedy by one of the nation's foremost historians, this will remain a rich source book for students of the "Thousand Days."

T.M.B.

ATOMIC DIPLOMACY: HIROSHIMA AND POTSDAM. BY GAR ALPEROVITZ (New York: Simon and Schuster, 1965. 317 pages, appendix and index. \$7.50.)

In the late 1940's, the British physicist, P.M.S. Blackett, published a book in which he suggested that the atomic bomb dropped on Hiroshima in August, 1945, was intended to serve a political, not military, purpose: it was intended as an unvoiced warning to the U.S.S.R. not to go too far in its postwar expansion.

Gar Alperovitz has written a comprehensive and meticulously researched book in an attempt to substantiate the Blackett thesis. He argues persuasively that American leaders, who "harbored very grave doubts that Britain and America could challenge Soviet predominance in Eastern Europe," hoped to use the bomb to exact political concessions from Moscow in Europe, that they were not concerned merely with ending the war in the Pacific.

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THE EVOLUTION OF AID

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more formidable task. In the developing world, difficult basic changes in habits and attitudes were needed. Nevertheless, some skillful technical assistants attempted to achieve a maximum impact by working closely with their counterparts, by introducing administrative and legal supports to their work, by popularizing new approaches, and by encouraging governmental and public attitudes favorable to social and economic change.

These exceptional cases aside, technical assistants generally assumed that modernization was a matter of pure technology. Most technicians came and went on two-year terms; projects were often designed in Washington, far from the field; new laws and administrative changes plus domestic pressures from both the United States and the host nation all served to divert many aid projects from their proper long-range impact on the local institutions. The results were spotty and students of foreign aid began to believe that the failures lay in considering technology and money as the only highways to the twentieth century, without proper regard for the process of social development. Certainly much of the despair of the late 1950's over the prospects of foreign aid was occasioned by the difficulties encountered in adequate institution-building. And this concern has continued into the 1960's.

Although American foreign aid must consider many different tasks and tactics, the efforts to speed economic development have absorbed the largest share of American aid. On the whole, however, foreign aid and its tactics represent a marginal influence in stimulating private development. It should be considered a means of accelerating change rather than initiating it. Foreign aid cannot provide the creative innovation and leadership needed to prepare a society for modernization. Even the capital requirements in most underdeveloped countries must be supplied largely (often 80 per cent or more)

from internal investments through savings and taxation.

Requiring the host government to make matching contributions, pass enabling legislation, or adopt certain administrative reforms as conditions of aid is a tactic closely related to the principle of self-help. Even where the results have been disappointing, this approach has seemed to improve the administrative capabilities. The best example of this tactic in operation is found in the Alliance for Progress, under which such reforms have been introduced — although American resoluteness has slackened somewhat in the face of Communist advances.

STRIKING A BALANCE

The task of assessing the success or failure of American foreign aid is a complex one. If one witness claims that the Marshall Plan saved Europe, another charges the fall of China against it. True, 17 nations had made the jump from outside help to economic self-support by 1964, but what of Cambodia which, while offering its "eternal gratitude" for American aid (\$275 million from 1953 to 1963), ordered its termination as a protest against United States policies in Southeast Asia? Major questions are left as to whether United States aid has contributed to a just, peaceful and prosperous world; whether the prospects for communism have been diminished; whether friendly nations have been able to develop along mutually satisfactory lines; in short, whether American aid has strengthened its own position and that of the free world.

Foreign aid has always suffered from an irresistible popular tendency to pull up the plant to see if its roots are growing. Despite this, foreign aid has survived. Major recent developments have resulted from the search for ways to reduce the drain on national gold reserves, the desire to increase sales of American products abroad and to reduce the risks of investment. As a result, foreign purchases financed by American aid fell from over one-half the total aid budget in 1959 to only one-fifth in 1963. By 1964, the total outflow attributed to foreign aid was only

\$5 billion (compared to \$2.5 billion spent by tourists and \$3 billion by American business overseas).

Furthermore, by the 1960's, between one-fourth and one-half of all American economic aid took the form of farm surpluses and "Food for Peace" became an important part of the Alliance for Progress. There has also been a concentration on ways to encourage and safeguard American investments in the developing nations, with AID itself sponsoring insurance against "political risk." Efforts have been made to broaden the base of participants here at home as well.

Most of these recent changes resulted from domestic political pressures in the United States. Indeed, the laurels bestowed on the United States a decade ago for excellence in foreign aid had worn somewhat thin by the mid-1960's. Whereas the 1949 aid appropriation was 11.5 per cent of the federal budget, the 1965 appropriation was less than 4 per cent—less because of dissatisfaction with results than out of indifference, disillusion and even despair. And the great operational problem of the 1950's—administrative continuity—remained unsolved. David Bell, in 1962, became the eleventh director of AID in 15 years.

Nonetheless, recent American aid operations have recognized the need for using new resources and approaches. They have permitted increasing the use of foreign aid as a lever to reform and have elongated its shadow by supporting institutions devoted to change. Perhaps it will be for the generation of the Peace Corps to supply the mixture of imagination and patience required to fulfill the promise of an enlightened and effective foreign aid program in the twentieth century.

THE FORMULATION OF AID

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resources available for development the aid-providing country or agency is apt to have little bargaining power. But in a number of countries aid may account for 25 to 30 per cent of total development expenditures and

well over half of all development imports. Of this, the United States frequently provides 50 per cent or more of the total aid received. Under these circumstances, there is an increasing disposition on the part of AID, the President and the Congress to insist on a certain level of effective economic performance as a condition of further foreign assistance. But perhaps we have said enough to indicate that decisions made in administering the Foreign Assistance Act have a significant influence on the formulation of foreign assistance policy.

In conclusion, it may be useful to refer to the relations between the aid program of the United States and the programs of other countries and agencies and to emphasize the importance of "aid sharing." These relationships have influenced our own foreign assistance policy and, in recent years, the question of how large a share of the aid burden the United States should assume has much exercised both the executive branch and the Congress. Almost all the developed countries of the world have foreign assistance programs and to these should be added those of the World Bank, the various regional banks, and other United Nations agencies. It is obviously to the interest of the less developed countries and also to the aid givers that these programs receive at least a minimum of co-ordination.

For certain aid-receiving countries—India and Pakistan are the principal examples—a certain amount of coordination is accomplished via a consortium of the principal aid providers for these countries for which the World Bank acts as a quasi-agent, reporting on performance and the state of development in the aid-receiving country and bringing aid providers together periodically to consider the ways and means of financing the next stage of development. For other countries, a looser type of coordination is achieved through "consultative groups" in which again the World Bank acts as an agent for a group of aid providers that is usually smaller in number than those who compose a consortium. The United States considers it to be in the interest of our own foreign assistance

program that these relationships be further developed.

During the last few years, the United States has supplied about 60 per cent of all the foreign economic assistance provided by non-Communist countries. This includes P.L. 480 agricultural surpluses, Export-Import Bank loans, the Peace Corps and the United States contributions to international agencies in addition to direct appropriations to the Agency for International Development. Although this is not much more than our "rightful share" in terms of national income, the United States contribution has, in fact, represented a somewhat larger share of national income than the contributions of all but two or three other countries. American representatives have in recent years made strong efforts to persuade other countries to increase the size of their foreign assistance programs and to improve the terms on which aid is provided.

The forum in which these discussions are principally held is the Organization for Economic Cooperation and Development (O.E.C.D.) sitting in Paris, and in its subsidiary agency, the Development Advisory Committee. This discussion has had some influence on the foreign assistance programs of other countries and, reciprocally, on our own. A full catalogue, therefore, of the forces shaping the United States foreign assistance program would need to include the contacts with other countries in consortia and consultative groups and in the deliberations of the Development Advisory Committee of O.E.C.D.

FOREIGN AID UNDER LYNDON JOHNSON

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to aid the military establishments of countries adjacent to Soviet Russia and mainland China, such as Korea, Thailand, Iran, Turkey and Greece. The maintenance of the defensive capabilities of these border countries and some modest modernization of their equipment has long been regarded as a method of protection against Communist ag-

gression. Military aid to India and Pakistan was suspended upon the outbreak of the hostilities over Kashmir. Its full resumption will depend upon some settlement of that issue.

The remainder of the military assistance program will be directed to the improvement of internal security forces in nations thought to be especially susceptible to subversion. If past history is a reliable guide, most of this type of assistance will go to Latin America and to Africa. The President proposes to place greater emphasis upon civic action programs, in which local military forces build schools and roads, provide literacy training and furnish health services, especially in rural areas. Activities of this character can make a positive contribution to economic development; they also serve to improve the relations between military forces and the civilian population.

The eloquence and the humanity of the President's statements concerning the need for more rapid development in the low-income countries are not matched by his proposals for increases in American aid for this purpose. This is a disappointment to those who have hoped that the United States would take greater leadership in meeting the alarming disparity in the rates of growth as between the economically advanced nations and the poor ones. The expectations that the multilateral agencies will be able to secure additional resources from member states to provide the large-scale capital projects necessary for economic advance hardly seems realistic.

Nor is it likely that the flow of private capital to low-income countries will substantially expand. The obstacles to foreign investment in the private sector of most of these countries are difficult to surmount; moreover, many of the immediate requirements for development involve transportation, power and similar facilities which do not attract private investors.

On the other hand, the President's recognition of the importance of human resources and his underscoring of the priority for increasing agricultural production place these aspects of the United States program in a

better relationship to the total effort than has been the case in recent years. The importance he gives to United States assistance in population control programs also reflects an advance in American aid policy.

Those who regret the "bare-bones" character of the financial means which President Johnson has proposed for carrying out his vision of a basic attack upon the causes of poverty may find some encouragement in his concept of a longer-term continuing American commitment to economic development. He has asked Congress to authorize both military and economic assistance for a five-year period, instead of the present practice of extending it only on a year-by-year basis. If this is accepted, the principal government officials concerned with United States foreign aid will no longer be compelled to devote a substantial part of their time each year to justifying the continuation of the program. They must still engage in the annual confrontation on appropriations, but they will at least be able to make plans on a longer-term basis. Hopefully they may devote most of their energies to the utilization of American assistance, along with the aid provided by other donors, to build the firm foundation for progress, security and peace the President and the people of the world are seeking.

In essence, the Johnson proposals represent an important step to correct the relative overemphasis on the physical aspects of development by directing attention to those activities which will more immediately affect the welfare of the people of low-income countries. But the President has chosen to make this rectification by reducing the funds available for capital projects, rather than by increasing the amount for human resource development.

This is an understandable, temporary tactic at a time when the United States faces the mounting costs of the Vietnamese conflict and budgetary pressures at home. But it also contains the danger that this country may be abandoning its political and moral responsibilities in a world in which leadership in economic development is an obligation that the richest, most powerful nation cannot escape.

ECONOMICS OF AID

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discouragement of exports of capital from underdeveloped countries in response to political instability; improved integration of aid programs among dispensers and recipients of aid and between public and private sources.

Expectations are likely to be disappointed. It is not likely that underdeveloped countries will attain within the next 25-50 years a per capita income of \$2500-\$3000—the American figure—or half of that or less—the British figure. Their population is too large relative to their resources; and yet the population is generally too small to attain the large output per capita expected in more advanced countries. The advance to standards of education and health comparable to those of the United States will take many, many years; and without minimum standards in these areas, the improvement in living standards will be slow and small.

In short, we must not expect too much of our assistance program. They will have to be much larger to achieve much. Moreover, insofar as the assistance is on a loan basis, financing charges put a limit on the net gains. Yet we should expect as a minimum that the large gaps of income per capita between developed and underdeveloped countries should be narrowed rather than increased. Even these limited objectives demand an increased volume of aid and improved use of the aid dollar.

AID FOR "TOTALITARIAN" COUNTRIES?

(Continued from page 352)

ventionist policies in the Congo or in Yemen? Did limited United States assistance to Indonesia enable Sukarno's government to postpone needed and long-overdue economic reforms? If such questions are themselves admittedly complex, the possibility has to be conceded that in some cases the answer may well be affirmative.

Finally, it must be remembered that the

question is part of a larger problem. What results may be legitimately expected when the United States assists any government? The experienced American AID administrator, David Bell, has cautioned his countrymen that "Foreign assistance, even where successful, is no recipe for instant paradise." France, he points out, has received the largest allocation—some \$9 billion—of postwar American foreign aid given to any country. Yet France has not resolved all its own economic problems, not to speak of those arising from its relationship with the European Common Market; it has not yet perhaps established firm foundations for democratic political processes and institutions, capable of assuring political stability in the post-Gaullist era; and it has assuredly not demonstrated an increased readiness to support the United States on important global issues.

We wanted a free, strong, and independent France [this official has declared] and that is what we have. A world of strong and independent nations obviously does not and should not insure conformity. What is does provide is an opportunity, if we are wise enough, to solve common problems in peace and freedom.¹⁶

¹⁶ David E. Bell, "The Challenge of the Developing Countries," *Department of State Bulletin*, LIII (July 26, 1965), 176.

BOOK REVIEWS

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The thesis is a controversial one and demands a reevaluation of American policy motivations and assumptions in 1944 and 1945, particularly as they related to the prospects of continuing the wartime cooperation with the Soviet Union into the post-war period. A.Z.R.

MILITARY AID

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for this alone sustains their prestige and power. For such ruling groups, however, governmental and military success are rendered illusive by the very nature of the power

which they wield. Military aid in the hands of ruling cliques rather than established governmental authorities remains a source of personal, not national, power, and is thus divorced from those national attitudes of pride, unity, and purpose which it needs to work

To meet the burgeoning economic and social problems of Asia, scarcely touched by past expenditures, Presidents John F. Kennedy and Lyndon B. Johnson have emphasized self-help and internal reform as conditions of American assistance. President Kennedy in his inaugural stressed national self-reliance as the new objective of American aid.

To those people in the huts and villages of half the globe struggling to break the bonds of mass misery [he declared] we pledge our best efforts to help them help themselves. . . .

At best it is never a simple task to build up a backward economy. Western industrial nations have grown rich because they possessed basic resources, energetic populations, good leadership, and ideologies which placed material gain high among the proper human objectives. Underdeveloped countries are poor simply because they have lacked these assets. Unless these necessary ingredients for economic development can be discovered or created, foreign aid, even when intelligently applied, will produce only limited results.

Finally, foreign aid, military or otherwise, can never guarantee political or military stability. Foreign aid does not touch the vital issues of war and peace. American security is endangered more by what occurs in the more highly developed regions of the world than by what transpires in Asia or Africa. The issues that divide the United States from Russia and China could set off a general war simply because these two nations have the power to compel a total American response. An economically developed Asia or Middle East could lead to aggression rather than to stability. In a world of rich and poor nations, the United States has no choice but to meet the responsibility that comes with wealth and power. But on one point the record is clear. The United States cannot—at any price commensurate with its interests—influence greatly the course of human destiny.

THE MONTH IN REVIEW

A CURRENT HISTORY Chronology covering the most important events of April, 1966, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Disarmament

April 21—Delegates to the 17-nation Geneva disarmament conference formally agree to a recess, from May 10 to June 14, in order to review the accomplishments of the conference.

April 28—Alekssei A. Roschchin of the U.S.S.R. tells the Geneva conference that the U.S.S.R. will consider any pact providing for sharing nuclear weapons with West Germany as proliferation of atomic weapons.

North Atlantic Treaty Organization (NATO)

April 15—Discussions begin among U.S., British and West German officials on the policies they will follow with regard to the French decision to withdraw French forces in West Germany from the NATO Command.

April 23—It is reported in Washington that fourteen NATO members (excluding only France) have agreed to important structural reforms.

April 29—Five defense ministers, meeting in London under the chairmanship of U.S. Secretary of Defense Robert McNamara, decide to establish a permanent forum for consultation on the use of nuclear weapons. The other participants are from West Germany, Italy, Turkey and Britain.

United Nations

April 7—After the Security Council's president, Moussa L. Keita of Mali, fails to respond to a British request that a Council session meet to discuss Rhodesia, U.S. delegate Arthur J. Goldberg appears in the Council chamber with representatives of Britain and six other members to insist that a meeting be called.

April 9—Secretary-General U Thant has reported that U.N. costs this year are 2.5 times higher than costs in 1954, according to a summary released at the U.N.

Voting 10 to 0, with 5 abstentions, the Security Council authorizes Britain to use force to keep seaborne oil for Rhodesia from reaching the port of Beira, Mozambique.

April 21—The Special Committee of 24 on Colonialism asks Britain to use force to oust the white minority government of Rhodesia.

April 28—Portugal asks U Thant to rule on the legality of the April 9 resolution of the Security Council authorizing Britain to use force to prevent oil from reaching Rhodesia through Beira in Portuguese Mozambique. (See also *United Kingdom*.)

April 30—After lunching with French President Charles de Gaulle in Paris, U Thant says that neither he nor de Gaulle see any chance for successful peace moves to end the Vietnam war at the present time.

ARGENTINA

April 2—The General Staff of the Army, in an unusual public statement, declares that it is not true that the armed forces planned a coup to overthrow President Arturo Illia.

AUSTRIA

April 18—Failing to reach a compromise with the Socialists, who have joined the ruling People's Party in a coalition for 21 years, Chancellor Josef Klaus names a one-party, conservative People's Party cabinet; the Socialists form the opposition for the first time since World War II; the People's Party has an absolute parliamentary majority.

CANADA

April 5—Voting 143 to 112, the House of

Commons votes to retain the death penalty for murder convictions.

April 18—Justice Wishart F. Spence announces that most of the hearings in the Munsinger security case will be secret in the interests of national security. (See *Canada*, in *Month in Review, Current History*, May, 1966, p. 310.)

CHINA, PEOPLE'S REPUBLIC

April 9—Chief-of-State Liu Shao-chi leaves Afghanistan after a 4-day visit; reliable sources report that Liu failed to win Afghan support for China's condemnation of U.S. intervention in Vietnam.

April 11—*The Peking Daily* reprints a report by Hsu Liching, director of the People's Liberation Army political department, declaring that China's militia totals some 100 million men and women, and that new measures are being taken to sharpen political control over this force. The report first appeared in the March 1 issue of the army newspaper.

April 12—Peking discloses that Chinese aircraft shot down a U.S. "A-3B heavy attack plane" when it intruded over southern China.

April 15—In a front page editorial, *Jenmin Jih Pao*, Communist Party newspaper, warns that members who ignore politics are endangering the revolution.

April 17—A U.S. proposal for exchanging scholars and scientists is termed by Peking "nothing but a fraud."

April 21—It is reported in Peking that new, comprehensive controls have been placed on riverboat traffic using frontier ports and streams to "safeguard China's national sovereignty, facilitate navigation and insure safety."

April 25—It is reported from Peking that at the fourth plenary meeting of the Afro-Asian Journalists Association, the chief Chinese delegate announced that China plans continuing aid for "true" Communist revolutionary movements in underdeveloped countries.

April 26—According to reports received in Hong Kong and made public today, pro-

vincial authorities will penalize new parents of more than 2 or 3 children, in an effort to curb population expansion. Such parents will receive customary food and allowances for the first 2 or 3 children only.

April 28—It is reported from Hong Kong that Peking gave Premier Mehmet Shehu of Albania the "biggest and most spectacular welcome" accorded to a foreign visitor. Liu Shao-Chi, head-of-state, and Premier Chou En-lai greeted the delegation.

April 30—Premier Chou En-lai declares that China will give "all-out" support for the Vietnamese Communists "whatever the cost." It is reported from Hong Kong that neither Mao Tse-tung, chairman of the Chinese Communist Party nor General Lo Jui-ching, chief of the general staff of the armed forces and a vice premier, have been seen in public for five months.

CUBA

April 1—An article in *Izvestia* (Russian government newspaper) reprints a Cuban suggestion for the establishment of an anti-missile force in North Vietnam to destroy U.S. aircraft; the suggestion, made at the Soviet Communist Party's 23d Congress, was not reprinted in dispatches for overseas distribution carried by *Tass*, the Russian press agency.

DOMINICAN REPUBLIC

April 3—Former President Juan Bosch declares that he will support Colonel Francisco Caamaño Deñó if his Dominican Revolutionary Party names Caamaño as its candidate for the presidency or vice-presidency in the June 1 election.

April 10—Juan Bosch is nominated by the Dominican Revolutionary Party to run for president.

April 17—Former President Joaquin Balaguer is nominated as the presidential candidate of the Reformist Party. Balaguer served as president under Generalissimo Rafael Leonidas Trujillo.

April 18—Provisional President Hector Garcia-Godoy pledges honest elections.

April 20—Juan Bosch refuses the support of

the Castroite 14th of June movement.

April 23—The provisional president appeals for calm on the first anniversary of the Dominican revolution.

April 28—During a protest demonstration marking the first anniversary of American military intervention in the revolution, six Dominicans are wounded by United States soldiers after three shots were fired at the Inter-American Peace Force observation post.

April 29—Dominican police assume the security duties in Santo Domingo from the Inter-American Peace Force. Brigadier General José de Jesus Morillo Lopez says that investigation into yesterday's incident "showed no signs that the Americans were fired at."

ECUADOR

April 1—Provisional President Clémente Yerovi Indaburu forces six military leaders into retirement, including the 3 who made up the recently expelled 3-man junta; 6 additional generals are removed but retain their active duty status.

April 2—Clemente Yerovi Indaburu cancels the projected presidential elections scheduled for July.

April 4—Jorge S. Lara is named foreign minister.

ETHIOPIA

April 11—Premier Aklilou Abte Wold appoints his own cabinet, a function formerly performed by the Emperor. According to recent administrative and governmental reforms, the premier and his cabinet are responsible to the Emperor and the two houses of parliament.

Aklilou assumes the post of interior minister.

April 20—Emperor Haile Selassie arrives in Kingston, Jamaica, during a tour of the Caribbean. He offers the government a contribution to be used for the construction of a junior high school.

FINLAND

April 13—Mrs. Hertta Kuusinen is replaced

as chairman of the Finnish Communists' parliamentary delegation by Paavo Aito.

April 14—Premier Johannes Virolainen and his coalition government formally resign at the first session of the newly-elected parliament.

The parliament elects Rafael Paasion, chairman of the Social Democratic Party (the largest party in parliament), as speaker.

April 16—Rafael Paasion is invited by President Urho Kekkonen to form a new government.

FRANCE

April 19—It is confirmed that for over a year the U.S. neglected to send the uranium nuclear fuel it pledged France in a 1959 agreement.

April 20—In a speech defending President Charles de Gaulle's decision to remove French troops from NATO, Premier Georges Pompidou declares that U.S. nuclear strategy has "condemned Europe to destruction" and that the U.S. concept of a "flexible response" would spare both the U.S. and U.S.S.R. but would make Europe a "nuclear battlefield."

After Pompidou's speech, the National Assembly votes, 345-137, in favor of President de Gaulle's NATO policies.

Utility workers black out most of the country, demonstrating disagreement with the government's wage guidelines.

April 21—Reports state that de Gaulle's position has been strengthened rather than weakened since his attack on NATO.

April 22—Despite American protest, a new note is sent to the U.S. repeating the deadline of April 1, 1967, for the removal of all foreign military installations. French sources say the note suggested that negotiations on procedures and details begin very soon.

April 23—De Gaulle arrives in Lille, his birthplace, and is boycotted by the mayor, left-wing politicians and trade union officials in a show of dissatisfaction with government wage policies.

April 24—Foreign Minister Maurice Couve

de Murville says that France is "acting in the interests" of the country by withdrawing from the military structure of NATO; he also reiterates his country's intention to remain a part of the Atlantic Alliance, which was established by the North Atlantic Treaty prior to the military organization.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

April 2—The government rejects a suggestion for a televised debate between East and West German politicians on reunification as "provocative."

April 29—Walter Ulbricht, chief-of-state, says he wants to delay until July the exchange of visits between the West German Social Democrats and the East German Communists, which were planned for May.

GERMANY, FEDERAL REPUBLIC OF (West)

April 1—The government approves a suggestion made by West German television officials for a televised discussion program between East and West German politicians to be transmitted simultaneously in East and West Germany.

April 14—The Social Democrats approve plans to invite East German Communist leaders to participate in joint public discussions on reunification.

April 16—The U.S. and Britain support West Germany's demand that French forces in West Germany continue as part of the common defense after withdrawing from NATO command.

April 18—West German and French foreign ministers begin conferences on the disposition of French forces in Germany after July 1.

April 21—Major political parties agree on a unified policy toward the issue of reunification.

April 23—Chancellor Ludwig Erhard says that West German moves toward reunification will be coordinated with West Germany's allies.

April 25—Erhard says his government would welcome a visit from Soviet Premier Aleksei

Kosygin, and would like to discuss Germany's future.

GHANA

April 1—Former Foreign Minister Alex Quaison-Sackey is returned to protective custody with two other aides of Kwame Nkrumah. The three men had previously been released from jail.

April 5—A series of notes sent to Communist China is released; in them the government accuses Peking of sending arms to deposed President Nkrumah in Guinea, to help him in a counter-revolutionary move in Ghana.

In a speech to the National Liberation Council, Lieutenant General Joseph A. Ankrah pledges a return to civilian rule "in a year or 18 months." He also declares that the new government and constitution will be "universally approved by a national referendum."

GREECE

April 2—Greek Foreign Under Secretary Theoharis Rendis expresses the hope that it will not be necessary to use force to prevent a Greek oil tanker from unloading a crude oil cargo in Mozambique; the cargo is destined for Rhodesia. The owner is defying a Greek ban on oil shipments for Rhodesia and a British embargo.

April 4—Britain informs the Greek government that the Greek oil tanker attempting to enter Beira, Mozambique, will be intercepted if necessary.

April 11—The Greek tanker *Ioanna V* anchors in the harbor at Beira. The tanker has been registered under the Panamanian flag since April 7 and its captain says he will lower the Greek flag and raise the Panamanian flag tomorrow.

Foreign Minister Elias Tsirimokos resigns in disagreement over the government's Cyprus policy.

April 12—Premier Stefanos Stefanopoulos pledges to remain in power although Welfare Minister Mimis Galinos has joined Tsirimokos in resigning.

April 13—Stefanopoulos assumes the foreign

ministry.

April 26—The Stefanopoulos government wins a parliamentary vote of confidence, 151 to 147.

INDIA

April 3—Prime Minister Indira Gandhi returns to New Delhi after a 10-day tour that included the U.S., Britain and the U.S.S.R.

April 16—Minister of Planning Asoka Mehta leaves New Delhi for Bombay and the U.S., where he will discuss the possibility of increased U.S. foreign aid for India.

INDONESIA

April 1—Japan's foreign ministry reveals that Major General Rukwito Hendraingrat, Indonesian ambassador to Japan, will represent Indonesia as an observer at the forthcoming Japanese-sponsored economic conference on Southeast Asia.

April 6—Indonesian students demonstrate in Jakarta to ask for constitutional government and economic reforms.

April 9—Lieutenant General Suharto, de facto head of Indonesia, tells a press conference that Indonesia must continue to "confront" Malaysia because Malaysia was created as part of an imperialist plot to conquer Indonesia. (See also *Malaysia*.)

April 12—Hamengku Buwono IX, Sultan of Jogjakarta and deputy premier in charge of economic affairs, promises government support for private enterprises.

April 15—Some 2,000 Indonesians of Chinese descent attack Communist China's embassy in Jakarta in protest against Peking's policies toward Indonesia.

April 16—Indonesia's ambassador to Peking, Djawoto, resigns to protest his country's policies toward Peking.

April 21—President Sukarno warns his cabinet not to regard him "as a puppet."

IRAN

April 20—An army tribunal sentences two Communist leaders to death for having plotted against Shah Mohammed Riza Pahlevi's regime.

IRAQ

April 11—Four high-level army officers leave for Moscow to obtain new arms from the Soviet Union.

April 13—President Abdel Salam Arif dies in a helicopter crash; seven presidential aides and the minister of the interior and industry also die in the crash.

April 14—The premier and acting president, Abdel Rahman al-Bazzaz, relaxes the total curfew he imposed after learning of Arif's death.

April 16—Major General Abdel Rahman Arif is elected by a joint session of the cabinet and the national defense council to succeed his brother as president. The interim constitution stipulates that a new president must be elected within a week of the death or resignation of the incumbent.

April 18—In an interview reported from Baghdad, President Arif states that Iraq will grant the Kurds autonomy. The Kurds are a seminomadic people who have resisted assimilation, but have never achieved independence.

Premier al-Bazzaz renominates his entire cabinet, except for the two deceased ministers, in an attempt to maintain government continuity. He assumes the positions of foreign minister and interior minister.

April 27—Arif does not accept a Kurdish offer to negotiate broadcast by the rebel radio April 26; his government does not recognize Kurdish autonomy or secession.

IRELAND

April 7—Prime Minister Terence O'Neill announces security measures in anticipation of possible violence on the 50th anniversary of the Irish Republic's Easter rebellion.

April 8—Thomas MacGiolla, president of the Sinn Fein Party (which aims for the expulsion of the British from Northern Ireland and the unification of the North and South), endorses violence as the only way to achieve his Party's goals.

April 10—The president of the Irish Republic, Eamon de Valera, reads Ireland's Proclamation of Independence, first heard on Easter Monday, 1916.

April 18—President de Valera's proposal for an all-Ireland parliament is rejected by Northern Ireland's Prime Minister Terence O'Neill.

April 24—Members of the Sinn Fein Party clash with police outside the Dublin Post Office.

ISRAEL

April 19—Fighting breaks out on the Israeli-Jordanian border; each side accuses the other of violating the border truce.

April 21—The foreign ministry announces that Foreign Minister Abba Eban will go to Poland to head a meeting of Israel's East European diplomatic representatives.

April 24—An article in *El Mundo*, a Cuban newspaper, expresses "the sincere wishes of the Cuban people for the happiness and prosperity of the industrious Israeli people and its friendly Government." The article is in honor of the 18th anniversary of the founding of the Jewish state.

Abie S. Nathan continues his unofficial peace mission; he arrives in Moscow, where he hopes to persuade the Kremlin to mediate between the Israelis and Arabs.

April 25—A military parade marking the 18th year of independence displays American-built Patton tanks and a 30-passenger French helicopter. Former Premier David Ben-Gurion boycotts the parade.

ITALY

April 18—A majority of the nation's physicians go on strike against the medical insurance companies in a demand for new contracts with higher fees.

JAPAN

April 9—A three-man delegation leaves for Washington to urge greater autonomy for the American-administered Ryukyu Islands, as a preliminary step toward the return of the islands to Japanese civil rule.

April 26—About 180,000 transport union members begin their annual spring strike in demand for higher wages. Major railway and subway systems are affected.

JORDAN

April 13—It is reported from Lebanon that several hundred Palestinian refugee leaders were arrested in Jordan on April 9 and 10 for having been involved in underground activity and military training aimed at the "liberation of Palestine."

April 14—The interior ministry reports that 100 members of the Baath, Communist and Arab Nationalist parties were arrested for subversive activities.

KENYA

April 14—Oginga Odinga resigns as vice-president. He charges that the country is being ruled by an "invisible government" which represents foreign commercial and ideological interests.

April 19—In a continued revolt against President Jomo Kenyatta, 26 legislators quit the ruling Kenya African National Union. They select Odinga as their leader and declare that they will form an opposition party to urge new national elections and the formation of a new government.

April 22—In a move apparently aimed at isolating foes of the regime from outside supporters, the government rescinds several passports. Odinga reports that his passport was not seized.

April 25—Minister of Information Ramogi Achieng Onyango joins the revolt against Kenyatta's government by resigning from his post and from the African National Union. He says that a European-minded faction in the government is impeding any progress toward pan-African unity.

April 26—Kenyatta summons parliament to enact a law requiring the 30 dissidents to relinquish their parliamentary seats and to face new elections. Kenyatta declares that the opposition does not have the backing of its constituents.

April 27—Twelve dissidents announce renewed allegiance to Kenyatta and the Kenya African National Union.

A demonstration is held against Onyango, Odinga and other dissidents in Onyango's home town of Nakuru.

April 28—The parliament passes Kenyatta's

constitutional amendment by a vote of 95-8. The amendment requires any member who resigns from the Kenya African National Union to relinquish his seat and seek re-election.

KOREA, REPUBLIC OF (South)

April 13—Foreign Minister Lee Tong Won reaffirms Korea's commitment to send another force to Vietnam in July despite "the political confusion in Vietnam."

LEBANON

April 5—President Charles Helou names Abdullah Yaffi as premier-designate and asks him to form a new government.

April 9—Premier Yaffi forms a new government and assumes two additional posts—minister of finance and minister of information.

MALAYSIA

April 16—Prime Minister Prince Abdul Rahman states that he will allow an Afro-Asian group to investigate the views of the people of Sarawak and Sabah (two northern Borneo territories) as to whether they want to remain within Malaysia, if Indonesia will end her undeclared guerrilla warfare against his country during the study. Indonesian leader Suharto stated last week that Indonesia would accept Malaysia if it could be shown that the people of these two territories wanted to remain in a federation with Malaya.

MEXICO

April 27—Striking law students force the resignation of university rector Ignacio Chavez and control the National University campus. The 43-day strike began because Chavez refused to remove the law school dean, Cesar Sepulda, at the students' demand.

PAKISTAN

April 26—It is disclosed that United States intelligence outposts in northern Pakistan have been closed by Pakistan in reprisal for the U.S. suspension of military aid to Pakistan.

POLAND

April 17—In Poznan, Wladyslaw Gomulka, head of the ruling United Workers (Communist) Party, criticizes Stefan Cardinal Wyszynski in an address to some 200,000; at the same time, the Roman Catholic leader leads a mass and preaches a defense of his position to some 50,000 worshippers outside the cathedral of Poznan.

April 24—The 68 Roman Catholic Polish bishops publish a declaration declaring their support for Cardinal Wyszynski, who is constantly being vilified by the government.

April 29—The Polish mission to the U.N. makes public a note sent to Bonn rejecting any revision of the Oder-Neisse line, Poland's current western border with the German Democratic Republic. This is an answer to the West German note of March 23, offering to renounce the use of force in settling international disputes.

PORTUGAL

April 6—The government says it will maintain an open-door policy in Mozambique, in spite of British insistence on the Rhodesian oil embargo.

April 13—Premier Antonio de Oliveira Salazar warns that a "vast fire" could be started from the Rhodesian crisis.

April 14—Portuguese authorities take control of the oil tanker *Ioanna V* and her cargo of crude oil at Mozambique. (See also *Greece*, and *United Kingdom*.)

RHODESIA

April 5—The government orders the British Broadcasting Corporation to remove its staff from Rhodesia and end operations because of its "deliberately provocative attitude."

April 26—Prime Minister Ian D. Smith declares to parliament that he is ready to resume discussions with Britain to try to resolve British-Rhodesian differences.

SOUTH AFRICA

April 14—*Die Vaderland*, Afrikaans newspaper in Johannesburg, says the government will not let the Greek tanker

Manuela discharge its crude oil cargo bound for Rhodesia. (See also *United Kingdom*.)

April 16—South Africa's ambassador in London, Carel De Wet, offers to mediate in the British-Rhodesia dispute.

SPAIN

April 7—The U.S. H-bomb missing off the coast of Spain is recovered intact after an 80-day search.

April 9—The new liberalized press censorship law goes into effect; 14 decrees issued April 4 set forth new procedures in detail.

April 20—Leading newspapers in Madrid and Barcelona cover disturbances at Barcelona University and comment on the student agitation; the press law of April 9 allows them to publish such comment.

April 28—The government closes the University of Barcelona for an indefinite period after yesterday's violence involving students and police.

SYRIA

April 1—The Syrian Baath Party issues a policy statement calling for unification of the Arab countries on a "Socialist" basis. The Party seized power February 23. The statement names Algeria, the U.A.R. and Yemen as "progressive forces," and denounces the governments of Saudi Arabia, Tunisia, Morocco and Iraq.

April 18—Premier Yussef Zayen arrives in Moscow for an official visit.

U.S.S.R., THE

April 2—The Soviet Union and Singapore sign a trade agreement.

At the 23rd Congress, Foreign Minister Andrei Gromyko urges Europe to settle her problems of security without the influence of the U.S.

April 3—Luna 10 achieves its goal—the first lunar orbit in history. It is reported in West Germany that Luna 10 has relayed the Communist anthem "Internationale" from the moon.

April 4—In a statement before the 23d Congress General Aleksei Yepishev, Chief of the Political Directorate of the Soviet Army

and Navy, says that thousands of soldier and sailors have volunteered to fight against American and allied troops in South Vietnam.

April 5—Outlining the new five-year-plan before the 23d Congress, Premier Aleksei Kosygin promises higher wages, lower prices, fewer taxes, more consumer goods, expanded housing and a reduced work week. He blames the Vietnam war for impeding economic progress thus far. He also calls for a strengthening of the Soviet position in international trade markets, not only with the Communist bloc but also with the developing nations and with the West.

April 6—A Soviet jet crashes in a lake in the western sector of Berlin. Western allies bar Soviet military personnel from salvage operations.

April 7—Captain Igor Gromov discloses that his submarine trailed a United States nuclear sub for more than an hour while on a voyage around the world. He suggests that international maritime rules be established for safety procedures to be followed when submarines meet in the high seas.

Tass, the Soviet press agency, reports that the delegates at the 23d Congress elected a new policy-making Central Committee.

April 8—General Secretary Leonid Brezhnev closes the 23d Congress. He announces that he has been elected as a member of the Politburo (formerly called the Presidium); that his title of First Secretary has been abolished and that the membership of the Politburo is essentially the same as the Presidium, except that Anastas Mikoyan and Nikolai Shvernik were not re-elected. The two men will remain in the Central Committee.

The Secretariat, the Party's executive body, remains unchanged, except for the replacement of Nikolai Podgorny, the Soviet chief-of-state, by Andrei Kirilenko.

Omitted from the new Central Committee is former Premier Nikita Khrushchev.

April 11—Le Duan, leader of the North Viet-

names Communist Party, and Brezhnev meet in Moscow.

April 13—The British turn over to the U.S.S.R. the already-salvaged parts of the nuclear bomber that crashed in West Berlin.

April 14—*Tass* reports that Luna 10's findings indicate that the moon has a crust somewhat like the earth's.

April 16—Soviet embassy sources report that Premier Kosygin is expected to make an official state visit to the U.A.R. in May.

Mstislav Keldysh, president of the Soviet Academy of Sciences, reports that Luna 10 will orbit the moon for several years. He also states that there is no photographic apparatus on the satellite.

April 17—Khrushchev quietly celebrates his 72nd birthday; it is ignored by the official press.

April 21—Foreign Minister Andrei Gromyko arrives in Rome for six days of talks.

April 22—Defense Minister Rodion Malinovsky reports that the Soviet Union has a new long-range antimissile system and a number of new types of rocket weapons.

Italy and the Soviet Union agree on an economic, technical and scientific exchange pact. Gromyko expresses special interest in obtaining the aid of Italian agricultural experts.

April 23—*Tass* reports that a series of new rocket tests in two areas of the Pacific will begin on April 25 and end on July 31.

April 24—In a communiqué issued in Rome, Italy and the Soviet Union express their "preoccupation" over the Vietnam situation, which is a "serious danger to peace."

April 25—The U.S.S.R. agrees to help Syria build a dam and hydroelectric power station on the Euphrates River.

The first in a series of space rocket tests begins. The tests are designed to help effect a manned landing on the moon.

April 26—The first Soviet trans-Atlantic liner, the *Aleksandr Pushkin*, reaches Quebec. The ship will be in regular Atlantic service.

April 27—Gromyko has a 45-minute audience with Pope Paul VI.

UNITED ARAB REPUBLIC

April 10—It is reported in Cairo that the government has formally requested a renewal and expansion of the U.S. "Food for Peace" program in Egypt; the government has reportedly asked for \$150 million worth of food for the fiscal year 1966-1967.

April 15—According to a *New York Times* report, 20 army officers have been secretly arrested; they are accused of plotting against President Gamal Abdel Nasser because of his policies in Yemen.

UNITED KINGDOM

Great Britain

April 1—Almost final returns give the Labor Party a 97 seat majority in the House of Commons; this is the largest majority it has ever had except for its postwar victory of 1945. The lineup, with one seat still in doubt, is as follows: Labor, 365 seats, Conservatives, 253 seats, Liberals, 12 seats, Irish Republican Labor, 1 seat, speaker, (nonparty), 1 seat.

April 5—Wilson reshuffles his government, naming George Thomson to a noncabinet position as chancellor of the Duchy of Lancaster with special responsibility for Britain's relations with Europe. Richard Marsh, a union official, replaces Fred Lee as minister of power; Fred Lee remains in the cabinet as colonial secretary.

The British frigate *Plymouth* intercepts the Greek tanker *Ioanna V* but the tanker refuses to change its plans to sail for Beira, Mozambique, in alleged defiance of the British embargo on oil for Rhodesia. (See also *Greece and Portugal*.)

April 10—Acting under a U.N. resolution, an armed British party boards the Greek tanker *Manuela* and forces it to turn away from Beira. (See also *U.N.*, and *South Africa*.)

April 19—Conservative Party leader Edward Heath reduces the size of his shadow cabinet from 21 to 17 members.

April 21—Queen Elizabeth II opens Parliament; television cameras reveal the interior of the House of Commons for the first time.

April 26—The prime ministers of Britain and

Singapore agree on general terms for a new defense treaty providing for British base rights.

April 27—Wilson tells the House of Commons that discussions between Britain and Rhodesia will reopen. (See also *Rhodesia*.)

UNITED STATES, THE

Civil Rights

April 10—A spokesman for the Department of Health, Education and Welfare says that "approximately 100" employees have been ordered to make on-the-scene checks of hospital compliance with the Civil Rights Act of 1964; beginning July 1, hospitals not taking immediate steps to end discrimination will not be eligible for the \$1.9 billion in federal funds for hospital construction, medical training programs and vocational rehabilitation.

April 15—Commissioner of Education Harold Howe 2d tells school boards in the 17 Border and Southern states that he has extended their deadline for complying with school desegregation guidelines under Title VI of the Civil Rights Act of 1964; the new deadline is May 6, instead of April 15.

April 18—The Office of Education announces that only 687 assurances of compliance with the 1966 school desegregation guidelines have been received; 2,000 school districts have been asked to file such pledges.

April 27—By order of Alabama Governor George C. Wallace, Alabama's state mental hospitals return to segregated facilities. The hospitals were desegregated in line with a decision reached by the State Hospitals Board December 16 and announced March 14.

The Economy

April 9—The Census Bureau reports that in the fiscal year 1965, total spending by the 50 states was \$45.5 billion, an increase of 110 per cent since 1956. During the same period federal spending increased 70 per cent, to a total for fiscal 1965 of \$122.4 billion.

April 11—The Government raises the maxi-

mum permissible interest rate on mortgages insured by the Veterans Administration and the Federal Housing Administration from 5.5 per cent to 5.75 per cent.

Foreign Policy

April 1—On the recommendation of Ambassador to Vietnam Henry Cabot Lodge, the State Department orders all congressional visits to South Vietnam postponed.

April 2—The State Department reveals that the U.S. will sell "a limited number" of supersonic fighter-bomber planes to Jordan in an effort to maintain the arms balance in the Middle East.

April 4—On the 17th anniversary of the signing of the NATO pact, President Lyndon Johnson says that the U.S. will not abandon NATO.

Secretary of State Dean Rusk tells a closed session of the Senate Foreign Relations Committee of his "serious concern" about the continuing political unrest in South Vietnam. (See also *Vietnam, Republic of*.)

April 14—President Johnson arrives in Mexico City for an informal visit.

The State Department reveals that Communist Chinese scientists and scholars will be permitted to visit the U.S.

April 15—In Mexico City, the President asks the nations of the Western Hemisphere to work for economic progress and social justice to prove that "freedom can work."

April 16—The President names John W. Tuthill as ambassador to Brazil.

In a statement on China (to the Far East subcommittee of the House Foreign Affairs Committee) released today, Dean Rusk says the U.S. "must avoid assuming the existence of an unending . . . hostility" between China and the U.S.

April 18—The State Department reveals that it has agreed to give Indonesia a 5-year credit to buy 50,000 tons of rice.

Senator J. W. Fulbright (D., Arkansas) says he will oppose the Administration's foreign aid request unless the program is established under the "impersonal direction" of international agencies.

Senator Mike Mansfield (D., Montana) suggests that Japan or Burma should try to effect a "direct confrontation across a peace table" of the U.S., China, North Vietnam and "essential" elements from South Vietnam.

April 19—The President asks other governments to aid famine-stricken India.

April 20—Testifying before the Senate Foreign Relations Committee, Secretary of Defense Robert McNamara predicts intensified fighting in Vietnam shortly.

The State Department announces it has informed Israel it is ready to resume sending it food and economic aid in the amount of \$52 million; previous aid agreements expired in the fall of 1965.

April 25—The State Department reveals that the current exchange of notes about NATO with French President Charles de Gaulle has ended; talks will continue.

The American embassy in Moscow says that, as far as can be determined, the U.S.S.R. has some responsibility for the death of American tourist Newcomb Mott in January, 1966.

Senator Richard Russell (D., Georgia), chairman of the Senate Armed Services Committee, supports a poll in South Vietnam to see whether the South Vietnamese want U.S. troops withdrawn.

April 26—State Department spokesmen say "there is no sanctuary" in China for planes fighting over Vietnam.

April 27—Senator Robert F. Kennedy (D., New York) criticizes the government's statement that there is "no sanctuary" in China.

Secretary of State Dean Rusk says a *New York Times* statement of yesterday about German participation in a nuclear force is a "misstatement"; no decision has been made, he says, on West Germany participation in an Atlantic nuclear force or "the management of nuclear power."

April 28—Senator J. W. Fulbright warns of the dangers of "overextension of power and mission" that may attend the U.S. in pursuing the war in Vietnam.

In Washington, official sources declare

that only the President can decide whether U.S. planes are to chase enemy planes into China on "hot pursuit" missions.

Government

April 5—Senator Edward Kennedy (D., Massachusetts) reveals that the State Department's Passport Office will no longer be able to pass along routine requests from the F.B.I. for reports on Americans traveling abroad. The State Department's Bureau of Research and Intelligence must approve such requests which must conform to clearly stated criteria.

April 8—The President declares that he will suggest that Congress broaden the social security system including "across the board" increases for 21 million beneficiaries, plus federal aid for dental care for children under 6.

April 13—An article in *Ramparts* magazine reveals that the Central Intelligence Agency was covertly involved in a multi-million dollar U.S. technical assistance program sponsored by Michigan State University in Vietnam from 1955 to 1959.

President Johnson signs a bill to help standardize Daylight Saving Time.

April 14—Sargent Shriver, director of the Office of Economic Opportunity, is booed by an audience at a Washington meeting of the Citizens Crusade Against Poverty, when he tries to defend the antipoverty program.

April 20—The C.I.A. identifies Juri Raus as one of its secret agents in a Baltimore federal district court to help in his defense against a slander suit brought by Erik Heine, who was called a spy by Raus.

The President asks Congress to authorize the government to sell billions of dollars worth of mortgages and other loans held by the government to private investors, to free federal funds now tied up in such loans.

April 23—The C.I.A. asks the federal district court in Baltimore to accept its statement that Erik Heine is a Soviet agent without any evidence and to dismiss the case.

April 25—The President asks Congress to ap-

prove a plan to reorganize the Public Health Service.

It is reported in Washington that the automobile industry has changed its mind and is willing to accept mandatory federal safety standards on automobiles.

April 27—The Interstate Commerce Commission authorizes the merger of the New York Central and the Pennsylvania Railroads. One condition of the merger is that the combined system must take over the passenger and freight operations of the New Haven Railroad. The merger—biggest in corporation history—will be known as the Pennsylvania New York Central Transportation Company. The Commission rejects the request for a merger of the Northern Pacific, Great Northern, and Chicago, Burlington and Quincy railroads.

April 28—President Johnson asks Congress for an effective federal law against racial or religious discrimination in sale or rental of housing.

Labor

April 3—A 4-day firemen's strike against 8 railroads ends; bargaining will follow.

April 27—President Johnson intervenes to delay for 60 days a strike against 5 major airlines by the International Association of Machinists.

April 25—Some 20,000 of the 50,000 striking soft coal miners return to work after a two-week strike by the United Mine Workers ends with a new 30-month labor contract; some 30,000 miners stay on strike pending union ratification of the contract.

April 29—The eight railroads affected by the strike sue the Brotherhood of Locomotive Firemen and Enginemen for damages and losses incurred during the strike.

Military Affairs

April 7—The Defense Department announces that 15,000 specialists are being withdrawn from the Army's forces stationed in West Germany because of needs created by the war in Vietnam.

April 8—An astronomical satellite is launched from Cape Kennedy.

April 14—Defense Secretary Robert S. McNamara declares the U.S. has a conventional bomb inventory of 331,000 tons; he says there is no shortage of bombs for U.S. forces. (See also *Vietnam, Republic of*, April 29.)

April 15—The Army agrees to transfer to the Air Force its heavy transport planes.

April 16—The Department of Defense reveals that the U.S. is buying back several thousand bombs sold to a German concern; the bombs were sold at \$1.70 as surplus and have been repurchased for \$21 each.

April 19—The Department of Defense says that 30,000 or more trained Army officers, and enlisted men may be recalled from Europe to help train soldiers and form new combat units; the net reduction will not exceed 15,000, according to Pentagon plans.

April 23—The Department of Defense reveals that 18,000 bombs have been "re-acquired" from several U.S. allies for the war in Vietnam.

April 25—In a specially called conference at the Department of Defense, McNamara denies congressional allegations that he plans major cuts in U.S. manned bomber forces against the advice of senior military experts; he terms the criticisms "shockingly distorted."

Politics

April 11—Barry Goldwater, Republican candidate for the presidency in 1964 and a former senator from Arizona, declares that he plans to run for the Senate in 1968.

April 20—Arthur Krim, president of United Artists Corporation and a friend of President Johnson, is named chairman of a new National Democratic Finance Committee.

Supreme Court

April 4—The Supreme Court rules 6 to 3 that the state of New Hampshire cannot jail for contempt a person who refuses to answer an investigating committee's questions about alleged past Communist activity unless the state justifies its need to

query a person about political activities.

The Supreme Court agrees to review cases involving procedure in juvenile courts and double jeopardy situations in state courts.

April 18—The Supreme Court voids Arizona's loyalty oath for state employees, in a 5-4 decision.

April 25—The Supreme Court rules unanimously that Hawaii's interim plan to apportion its Senate on the basis of its registered voters rather than its total population is acceptable.

April 27—In a 5-to-4 decision, the Court refuses the N.A.A.C.P. its appeal for review of an \$85,739 judgment against the organization arising out of the picketing of a Savannah store in 1962.

April 28—In a unanimous decision, delivered by Justice Abe Fortas, the Court rules that the General Motors Corporation and its dealers violated federal antitrust laws by conspiring to block the sale of Chevrolets by discount houses in Los Angeles. Fortas declares that the defendants have been involved in "a classic conspiracy in restraint of trade."

VIETNAM, DEMOCRATIC REPUBLIC OF

April 26—It is reported in Hong Kong that at a meeting of the national assembly April 16-22, President Ho Chi Minh and Premier Pham Van Dong repeated their pledge that the war in Vietnam will go on until the U.S. accepts Hanoi's peace terms.

VIETNAM, REPUBLIC OF

April 1—The third ranking general in South Vietnam's government junta is detained by hostile students in Hue.

April 2—In Hue, 3,000 troops march in protest against the military junta.

April 3—Premier Nguyen Cao Ky says he is sending loyal troops to "liberate" Danang from hostile crowds.

April 5—Ky flies to Danang; in a broadcast, he withdraws his charge that Danang is "Communist" controlled.

Buddhist leader Thich Tan Chau asks

the military junta to organize elections for a constituent assembly within 90 days.

April 7—The United Buddhist Church, a leading Buddhist group protesting the continuing military government in Saigon, reveals that it has reached an understanding with Ky.

April 11—Confirming reports from Saigon, the U.S. Department of Defense acknowledges that demonstrations in Vietnam have begun to affect the war effort.

April 14—Informed sources in Saigon report that a 92-member national political conference convened by the junta has asked for national elections and an end of military rule within 4 months.

April 15—Buddhist leaders declare they will suspend their campaign against the military junta if the government holds an election in 3 to 5 months.

A U.S. military spokesman announces that more U.S. servicemen were killed in Vietnam in the first 99 days of 1966 than were killed in all 1965: 1,361 Americans died in combat between January 1 and April 9, 1966, compared with the 1965 total of 1,342 killed.

April 16—Informed sources reveal that August 15 has been tentatively set as the date for a South Vietnam election.

April 17—Roman Catholic marchers in Saigon protest the Buddhist demonstrations against the junta.

April 24—Ky's government announces that a preparatory committee has completed plans for establishing a commission to draft an electoral law.

April 29—Informed sources report that the United States has been flying emergency supplies to South Vietnam to relieve a munitions shortage; the Defense Department denies the shortage. (See also *U.S. Military*, April 14.)

YUGOSLAVIA

April 23—President Tito returns to Belgrade after spending 5 days in Rumania on an official visit; a joint communiqué declares that individual Communist parties have a right to independence.

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